

CITY OF RIO RANCHO, NEW MEXICO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Issued by:
Department of Fiscal Services

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CITY OF RIO RANCHO, NEW MEXICO

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INTRODUCTORY SECTION

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City of Vision

Department of Financial Services

October 29, 2007

Honorable Mayor, Members of the City Council
And Citizens of the City of Rio Rancho

The Audit Act, NMSA 1978, Section 12-6-12, mandates that cities are required to undergo an annual single audit and produce a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of New Mexico. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Rio Rancho for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organization chart and a list of City officials and administrative staff. The financial section includes the financial statements and the combining and individual fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The schedule of expenditures of Federal awards required by the Single Audit Act is included in the single audit section along with the auditors' report on the internal control and compliance with applicable laws and regulations.

Heinfeld, Meech & Co., P.C. a certified public accounting firm, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the overall financial statement presentation. The

independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Rio Rancho is the third largest city in New Mexico with an estimated population of 76,000. Located in central New Mexico, northwest and adjacent to Albuquerque, New Mexico's principal city. The metropolitan area is serviced by east-west Interstate I-40 and north-south Interstate I-25. The Santa Fe railroad has a major rail line through Albuquerque. There are two general aviation facilities, including the Albuquerque International Airport that has eight major airlines and two regional airlines providing service to the metropolitan area.

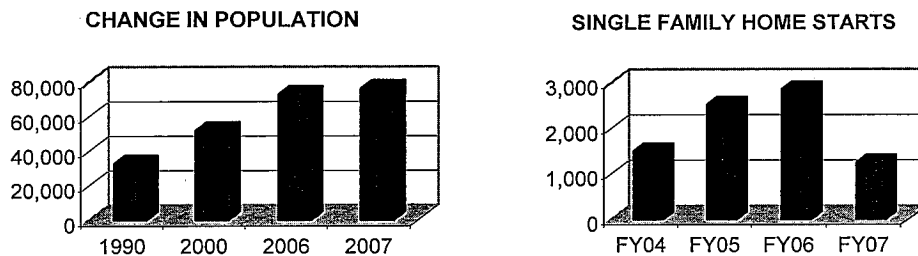
The City was incorporated in 1981 and adopted a municipal charter as a home rule city in 1991. The City has a hybrid Council/Manager form of government in which the Mayor is a member of the Governing Body. The City Manager is the Chief Administrative Officer, appointed by the Mayor subject to approval of the Governing Body. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB). Based on these criteria no other governmental organizations are included in this report.

The City provides to its citizens those services that have proven to be necessary and meaningful and which the City at the least cost can provide. Major services provided under the general government and enterprise functions are: police and fire protection, emergency ambulance service, water and wastewater services, park and recreational facilities, libraries, senior services, street improvements and general administrative services.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City of Rio Rancho is the fastest growing city in the State of New Mexico. The City's population increased 46.8 percent from 51,765 to 76,000 since 2000. Building permits issued for single-family homes increased 13.3 percent to 2,851 in fiscal year 2006. In fiscal year 2007 the number of building permits issued declined 56.4 percent to 1,244. The decline in the number of permits has followed the national trend in single-family construction. It is expected that single-family construction activity will return to the City's historical activity level of 800 to 1,000 permits in fiscal year 2008.



Although single-family home construction has slowed, several retail and commercial projects are in planning stages or under construction. The most notable is the Rio Rancho SPV retail development.

The Rio Rancho SPV project consisting of approximately 351,000 square feet of retail space on 47 acres of property located at the corner of Northern Boulevard and 40th. This new retail development, which is part of the Loma Colorado Redevelopment, will be anchored by a 171,000 square foot Lowes and junior boxes, shops, restaurants and a bank. Construction is expected to begin in early 2008.

Presbyterian Health Care is in the process of acquiring land and planning construction of an eventual 500-bed hospital located near Unser Boulevard. This will fulfill the City's need for a full service hospital facility.

The City of Rio Rancho formally broke ground on a 6,500-fixed seat, state-of-the-art, Santa Ana Star Multi-Purpose Event Center on June 14, 2005. Construction of the \$45 million, Event Center was completed in time for the first game of the New Mexico Scorpions minor league professional hockey team on October 27, 2006. The Center hosted 98 events during the first nine months of operation.

Construction of a new four-story, 60,000 square-foot, \$14 million City Hall is scheduled for completion in November 2007.

The City of Rio Rancho established a general obligation bond cycle in 2001. The general obligation bond debt service is structured to allow the City to go to the voters every two years for approval for new funding of projects without increasing property taxes.

As part of the bond cycle, citizens passed a \$7,000,000 general obligation bond in March 2006 to construct an indoor aquatics center. As part of a public private partnership, Pulte Homes has contributed \$3,000,000 toward the new center, bringing the total project to \$10,000,000. The project is currently under construction and projected to be completed in March 2008.

On October 30, 2007 an election is scheduled for citizens to vote on the next stage in the general

obligation bond cycle to fund construction of a \$12,000,000 regional park located in the northern part of the City.

In response to flash flooding that occurred in August 2006, the Governing Body initiated a process to impose a special assessment district to correct storm drainage. The area under consideration contains nearly 4,500 land parcels.

Long-term financial planning.

The Development Services Department and the Public Infrastructure continues to develop a land use plan covering 21 square miles surrounding the new City Centre/Downtown.

Located in an arid region, water availability is of utmost importance to the City. The City's Water and Wastewater Utility is in the planning stage to provide reuse water to the City's sports park from its new wastewater plant.

Accounting System and Budgetary Control. Written financial policies were instituted in fiscal year 2006 as a basic framework for the financial management of the City of Rio Rancho. These policies are intended to assist members of the City of Rio Rancho Governing Body and City staff in evaluating current activities and proposals for future programs. These policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions. The City's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the Governing Body shall adopt the annual budget prepared by the City Manager. The budget is reviewed by the Governing Body and is formally adopted by the passage of a budget resolution. The City Manager is authorized to transfer budgeted amounts between line items within divisions of any fund; however the Governing Body must approve any revisions that alter the total expenditures of any fund.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departments and divisional management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

Cash Management. The City awards its depository contract through official bidding procedures for a three-year period with an option to extend the contract for an additional seven years. The current depository contract with Wells Fargo Bank, N.A. expires April 2008.

The City has a services-only contract, where a minimum amount of cash is held a checking and savings account to meet the City's daily operational needs.

It is the City's policy that all demand deposits and time deposits are secured by pledged collateral with a market value equal to no less than 102% of the deposits less an amount insured by the FDIC. Evidence of the pledged collateral is maintained by the Fiscal Services Department and a third party financial institution. Collateral is review at least monthly to assure the market value of the securities pledged equals or exceeds the related bank balances. All collateral is subject to inspection and audit by the Director of Fiscal Services.

The remaining idle cash is invested by the Director of Fiscal Services in securities as allowed by New Mexico Statutes and by the City's Investment Ordinance. The City's Investment Ordinance sets forth the requirements for the investment of funds in a manner that maximizes safety of principal while ensuring that funds are available to meet the operating needs of the City and to meet unanticipated cash demands while earning the highest possible returns.

All investments transacted by the City are purchased using the delivery versus payment method. That is, funds are not wired or paid until verification has been made that the correct security has been received by the Custodian. The security is held in the name of the City or on behalf of the City. The Custodian's records must assure the notation of the City's ownership or explicit claim on the securities. The original safekeeping statements are delivered to the City.

Risk Management. The City is charged with the responsibility of supervising the protection of the City's assets by employing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. The City carries insurance for general liability, law enforcement liability, civil rights, volunteers, property, and workers' compensation with the New Mexico Self-Insurers Fund. The relationship with the Fund is established by a joint powers agreement with the New Mexico Municipal League.

Employee Health Care and Pension Plans. The City makes available group health and dental insurance coverage and a cafeteria plan, also offered are life and disability insurance to its employees on a voluntary basis. The Employees have a choice of a point- of-service plan or an HMO.

Substantially all full-time employees of the City participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The defined benefit plan provides for retirement, disability benefits, and survivor benefits to plan members and beneficiaries.

The City agreed to become a member of the New Mexico Retiree Health Care Authority on July 1, 2007 to provide retirement health care for employees.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Rio Rancho for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This is second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

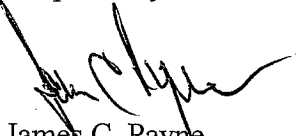
The Government Finance Officers Association of the United States and Canada presented an Award for Distinguished Budget Presentation to the City of Rio Rancho for its Annual Operating Budget for Fiscal Year beginning July 1, 2006 through June 30, 2007.

In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire Fiscal Services Department. We express our sincere appreciation to Marta Ortiz and Accounting Staff for the contributions made in the preparation of this report.

Respectfully submitted,



James C. Payne
City Manager



Richard C. Kristof, C.P.A.
Director of Fiscal Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rio Rancho
New Mexico

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

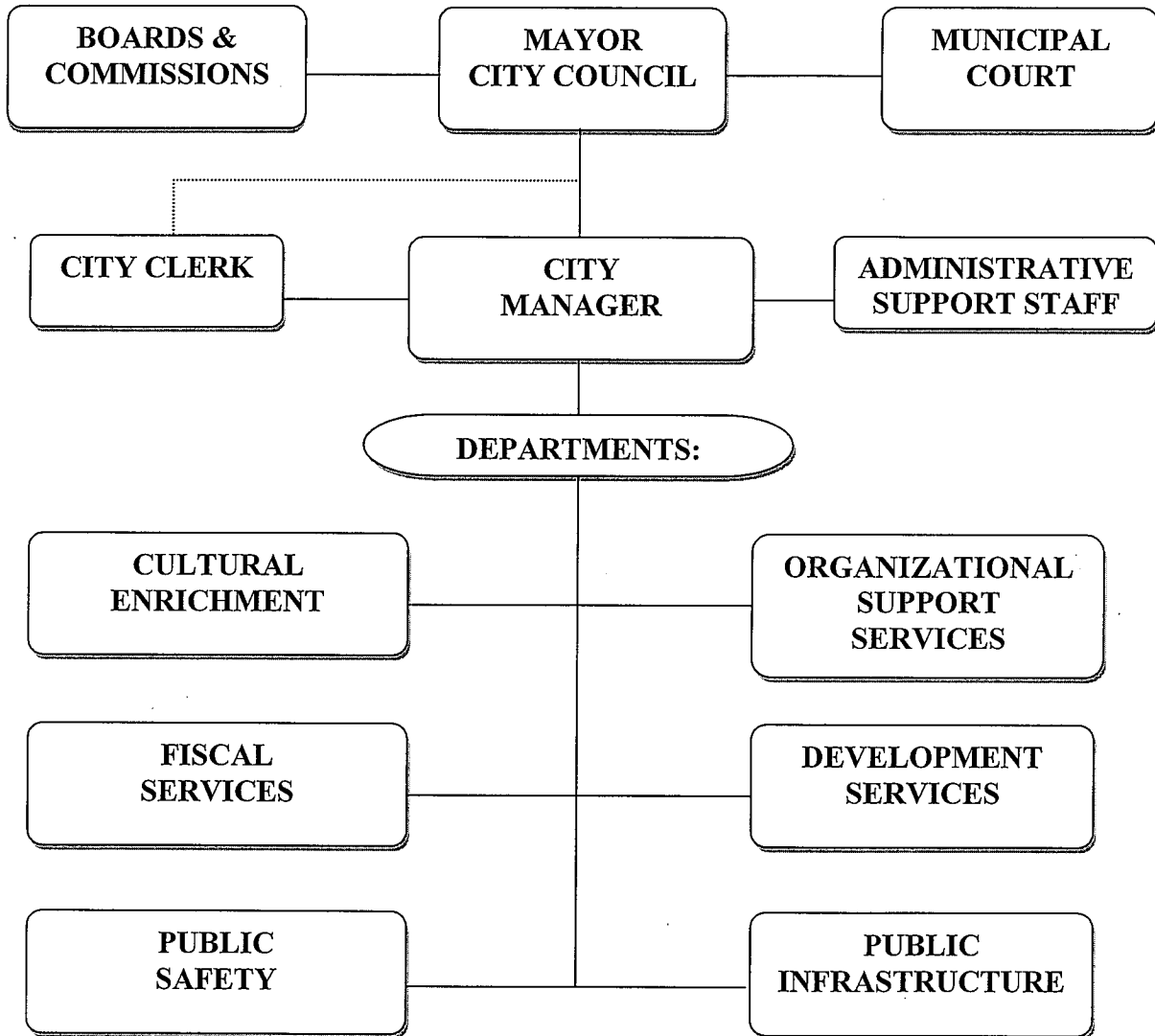
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF RIO RANCHO, NEW MEXICO
ORGANIZATIONAL CHART
JUNE 30, 2007**



CITY OF RIO RANCHO, NEW MEXICO

**OFFICIAL ROSTER
AS OF
JUNE 30, 2007**

MAYOR AND CITY COUNCIL

Kevin M. Jackson, Mayor

Michael J. Williams, Councilor, District 1
Patricia A. Thomas, Councilor, District 2
Delma M. Petrullo, Councilor, District 3
Howard W. Balmer, Councilor, District 4
Larry E. Naranjo, Councilor, District 5
Marilyn Salzman, Councilor, District 6

ADMINISTRATIVE OFFICIALS

James C. Payne, City Manager
Roman Montoya, City Clerk
Richard C. Kristof, CPA Director of Fiscal Services

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FINANCIAL SECTION

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Jennifer L. Shields, CPA
Corey Arvizu, CPA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Rio Rancho, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund (General, Bond Construction 2005, Utilities and Multi-Purpose Event Center Funds), and the aggregate remaining fund information of the City of Rio Rancho, New Mexico (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying Combining and Individual Fund Financial Statements and Schedules as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund as listed above, and the aggregate remaining fund information of the City of Rio Rancho, New Mexico, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the City of Rio Rancho, New Mexico, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison information for all nonmajor governmental, enterprise funds, and the Bond Construction 2005 Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2007, on our consideration of the City of Rio Rancho, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 19 through 33 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and the nonmajor governmental, fiduciary funds, and budgetary comparison information presented as supplementary information in the Combining and Individual Fund Financial Statements and Schedules. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. In addition, the accompanying supplementary information such as the Introductory Section, Statistical Section, and the additional schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and Other Supplemental Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The information included in the Introductory Section and Statistical Section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 26, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007

As management of the City of Rio Rancho (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007.

FINANCIAL HIGHLIGHTS

The financial statements, which follow the Management's Discussion and Analysis, provide those significant key financial highlights for 2007 as follows:

- In the Statement of Net Assets the City's total net assets of governmental activities increased \$26.6 million to \$222.2 million and business-type activities increased \$14.3 million to \$89.0 million representing 71.4 percent and 28.6 percent respectively, of the total net assets of \$311.2 million.
- In the Statement of Activities the total governmental activities revenues amounted to \$87.7 million, of which general revenues from governmental activities accounted for \$51.0 million in revenue, or 58.0 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$36.7 million or 42.0 percent of total governmental activities revenues.
- In the Statement of Activities the total business-type activities revenues amounted to \$36.5 million, of which general revenues from business-type activities accounted for \$3.4 million or 9.4 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and capital contributions accounted for \$33.1 million or 90.6 percent of business-type activities.
- In the Statement of Activities the City had \$61.4 million in expenses related to governmental activities, of which \$36.7 million of these expenditures were offset by program specific charges for services or grants and contributions. General revenues of \$51.0 million were adequate to provide for the remaining costs of these programs. The City had \$22.2 million in expenses related to business-type activities. These expenses were offset by program specific revenues in the form of charges for services and capital grants and contributions of \$33.1 million.
- The General Fund had \$52.2 million in revenues, which primarily consisted of taxes and charges for services. The total expenditures of the General Fund were \$41.9 million. The General Fund's fund balance decreased from \$21.0 million to \$19.2 million, a decrease of 8.5 percent.
- Net assets of the Utilities Fund increased \$8.8 million. Operating revenues of \$24.6 million exceeded operating expenses of \$16.4 million. Non-operating expenses of \$5.7 million exceeded non-operating revenues of \$5.3 million.
- The City issued \$32.9 million of water and wastewater revenue bonds for funding water and wastewater system improvement projects and funding the reserve for the Series 2007.

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements, the City's activities are presented in the following categories.

- ***Governmental activities*** – Governmental activities include most of the City's basic services such as general government, public safety, public works, culture and recreation, and economic development. Gross receipt taxes, municipal and State shared taxes, intergovernmental revenues and charges for services finance most of these activities.
- ***Business type activities*** – Business-type activities include water, wastewater, and event center activities provided by the City. These services are financed through user fees and charges.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations are on pages 45 and 47, respectively.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bond Construction Fund 2005 both of which are considered to be a major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The City maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water and wastewater utility services, and the event center activities. The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides additional information for the Utilities Fund and the Multi-Purpose Event Center Fund, which are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Under New Mexico Administrative Code Section 2.2.2 governments in New Mexico must include the budgetary comparison statement for the General Fund as a component of the fund financial statements within the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$311.2 million as of June 30, 2007.

A major portion of the City's net assets (77.8 percent) reflects its investment in capital assets (e.g., land and improvements, infrastructure, buildings and improvements, improvements other than buildings, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the City's net assets (10.0 percent) is restricted for the specified purposes of debt service repayment and capital outlay investment.

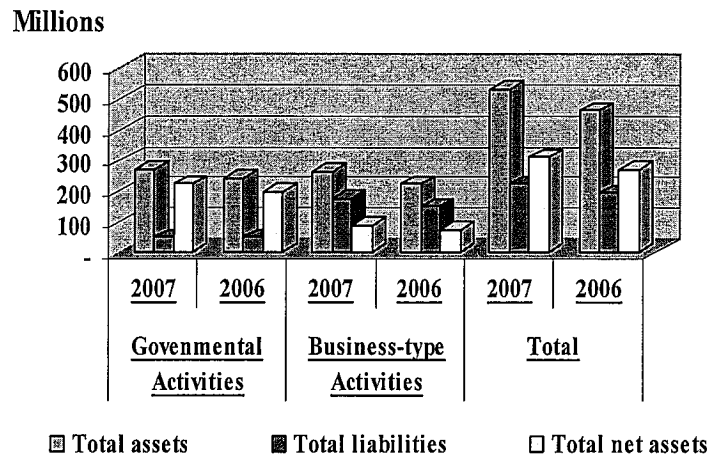
The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2007 and June 30, 2006.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 59,239,032	\$ 73,575,393	\$ 90,591,764	\$ 82,165,377	\$ 149,830,796	\$155,740,770
Capital assets, net	<u>210,329,564</u>	<u>168,757,627</u>	<u>173,959,084</u>	<u>141,226,937</u>	<u>384,288,648</u>	<u>309,984,564</u>
Total assets, net	269,568,596	242,333,020	264,550,848	223,392,314	534,119,444	465,725,334
Current liabilities	10,189,040	9,403,236	11,010,464	11,181,760	21,199,504	20,584,996
Long-term obligations						
outstanding	<u>37,182,734</u>	<u>37,033,997</u>	<u>164,538,485</u>	<u>137,505,836</u>	<u>201,721,219</u>	<u>174,539,833</u>
Total liabilities	47,371,774	46,437,233	175,548,949	148,687,596	222,920,723	195,124,829
Net assets:						
Invested in capital assets,						
net of related debt	184,408,573	159,084,358	57,733,951	45,520,647	242,142,524	204,605,005
Restricted	19,344,282	36,157,574	11,581,655	8,378,213	30,925,937	44,535,787
Unrestricted	<u>18,443,967</u>	<u>653,855</u>	<u>19,686,293</u>	<u>20,805,857</u>	<u>38,130,260</u>	<u>21,459,712</u>
Total net assets	<u>\$ 222,196,822</u>	<u>\$ 195,895,787</u>	<u>\$ 89,001,899</u>	<u>\$ 74,704,718</u>	<u>\$ 311,198,721</u>	<u>\$ 270,600,505</u>

**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The City entered into a loan agreement in the amount of \$1.6 million for the purchase of fire fighting equipment for the City.
- The City entered into a loan agreement in the amount of \$1.0 million for the construction of Unser Boulevard.
- The City added \$41.6 million of governmental capital assets primarily due to the construction of the New City Hall.
- The City issued \$32.9 million of water and wastewater revenue bonds for funding water and wastewater system improvement projects and funding the reserve for the Series 2007.
- The City added \$32.7 million of business-type capital assets primarily due to the construction of the multi-purpose event center (Santa Ana Star Center).
- Net assets for business-type activities have increased \$14.3 million. This increase can be attributed primarily to a scheduled rate increase in water and wastewater services and \$6.1 million of capital contributions for the construction of the multi-purpose event center from Sandoval County.

**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2007, were \$124.1 million with a increase in net assets of \$40.6 million, thereby accounting for 15.4 percent decline in the net assets of the City. The following table presents a summary of the changes in net assets for fiscal years ended June 30, 2007 and June 30, 2006.

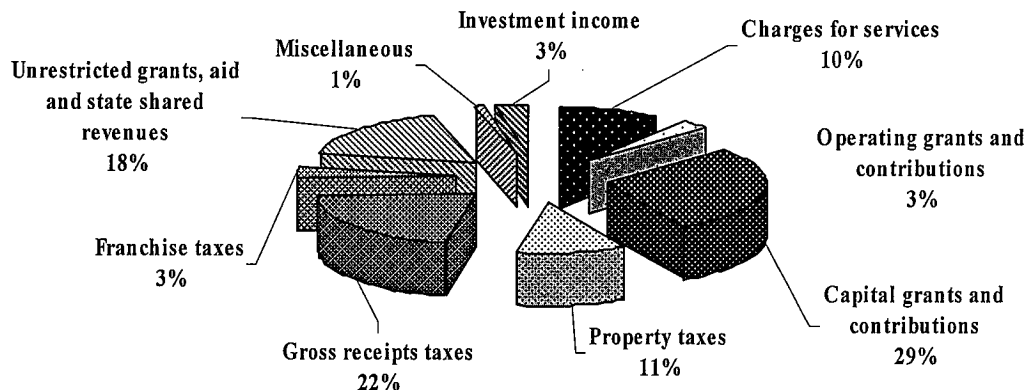
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$8,958,746	\$10,303,997	\$25,764,096	\$25,442,854	\$34,722,842	\$35,746,851
Operating grants and contributions	2,564,015	1,424,185	150,000		2,714,015	1,424,185
Capital grants and contributions	25,160,023	28,864,918	7,130,740	18,313,509	32,290,763	47,178,427
General revenues:						
Property taxes	9,759,949	8,394,598			9,759,949	8,394,598
Gross receipts taxes	18,858,973	19,526,233			18,858,973	19,526,233
Franchise taxes	2,800,615	2,692,885			2,800,615	2,692,885
Unrestricted grants, aid and state shared revenues	15,969,522	13,034,242			15,969,522	13,034,242
Miscellaneous	704,101	15,590			704,101	15,590
Investment income	<u>2,881,181</u>	<u>2,004,373</u>	<u>3,437,707</u>	<u>2,611,880</u>	<u>6,318,888</u>	<u>4,616,253</u>
Total revenues	<u>\$87,657,125</u>	<u>\$86,261,021</u>	<u>\$36,482,543</u>	<u>\$46,368,243</u>	<u>\$124,139,668</u>	<u>\$132,629,264</u>
Expenses:						
General government	9,446,698	4,749,168			9,446,698	4,749,168
Public safety	22,755,627	18,308,571			22,755,627	18,308,571
Public works	15,388,104	12,893,315			15,388,104	12,893,315
Culture and recreation	8,877,320	7,383,200			8,877,320	7,383,200
Economic development	2,944,345	2,626,428			2,944,345	2,626,428
Interest on long-term debt	1,943,996	1,323,496			1,943,996	1,323,496
Water			10,763,072	11,898,363	10,763,072	11,898,363
Wastewater			8,739,795	7,562,599	8,739,795	7,562,599
Event center	-	-	<u>2,682,495</u>	<u>1,663,068</u>	<u>2,682,495</u>	<u>1,663,068</u>
Total expenses	<u>61,356,090</u>	<u>47,284,178</u>	<u>22,185,362</u>	<u>21,124,030</u>	<u>83,541,452</u>	<u>68,408,208</u>
Increase in net assets	<u>\$26,301,035</u>	<u>\$38,976,843</u>	<u>\$14,297,181</u>	<u>\$25,244,213</u>	<u>\$40,598,216</u>	<u>\$64,221,056</u>

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

	<u>Year Ended June 30, 2007</u>		<u>Year Ended June 30, 2006</u>	
	<u>Total</u> <u>Expenses</u>	<u>Net</u> <u>(Expense)/Revenue</u>	<u>Total</u> <u>Expenses</u>	<u>Net</u> <u>(Expense)/Revenue</u>
Governmental activities:				
General government	\$9,446,698	\$(8,038,813)	\$4,749,168	\$(1,622,973)
Public safety	22,755,627	(15,957,815)	18,308,571	(11,431,994)
Public works	15,388,104	7,398,518	12,893,315	10,809,454
Culture and recreation	8,877,320	(3,709,803)	7,383,200	(1,135,986)
Economic development	2,944,345	(2,421,397)	2,626,428	(1,986,083)
Interest on long-term debt	<u>1,943,996</u>	<u>(1,943,996)</u>	<u>1,323,496</u>	<u>(1,323,496)</u>
Total expenses	<u>\$61,356,090</u>	<u>\$(24,673,306)</u>	<u>\$47,284,178</u>	<u>\$(6,691,078)</u>
Business-type activities:				
Water	10,763,072	2,991,623	11,898,363	10,210,128
Wastewater	8,739,795	3,095,709	7,562,599	9,620,740
Event center	<u>2,682,495</u>	<u>4,772,142</u>	<u>1,663,068</u>	<u>2,801,465</u>
Total expenses	<u>\$22,185,362</u>	<u>\$10,859,474</u>	<u>\$21,124,030</u>	<u>\$22,632,333</u>

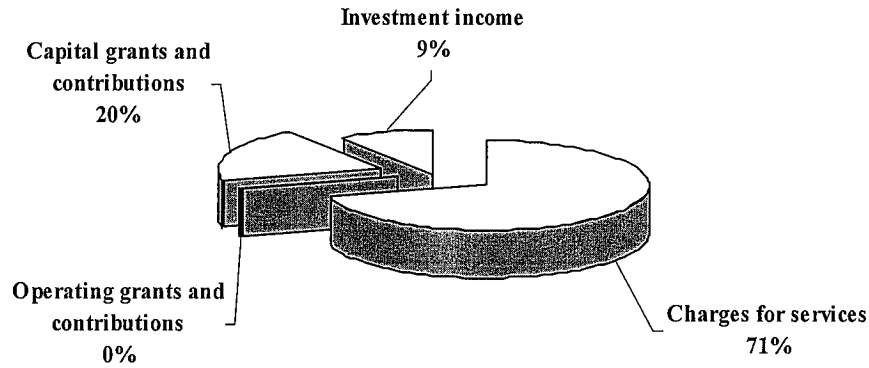
Revenues by Source – Governmental Activities



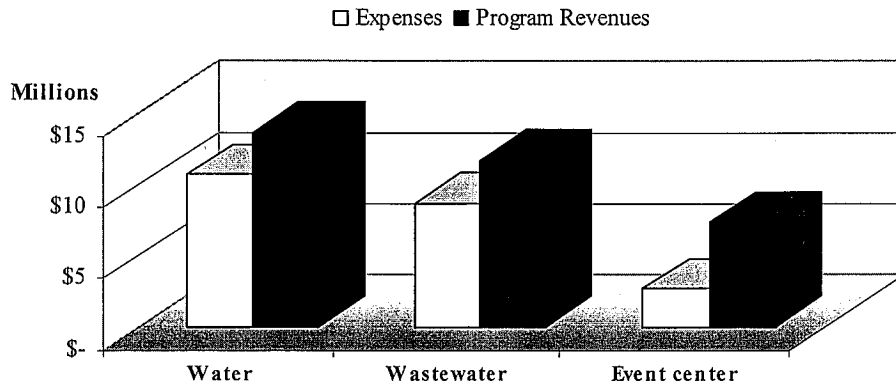
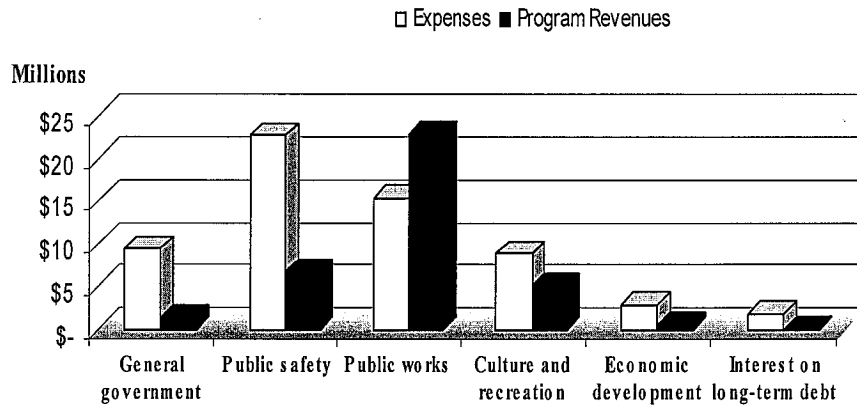
**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Revenues by Source – Business-type Activities



Expenses and Program Revenues – Governmental & Business type Activities



**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Governmental-type activities: Net assets of the governmental-type activities at the end of the year amount to \$222.2 million. The following are significant current year transactions that have had an impact on the Statement of Activities.

- An \$8.9 million decrease in developer contributions is the major attribute of the decrease in capital grants and contributions and the related increase in net assets.
- \$2.4 million of expenses in public works function were used to repair and maintain the drainage system damaged by summer rains. The costs associated with this repair include an engineering assessment, overtime, and equipment replacement.
- The cost of all governmental activities in fiscal year 2007 was \$61.4 million, 29.7 percent higher than fiscal year 2006 due primarily to fully funding 34.5 new full time employees, labor union contract increases, and increases in operational expenses due to growth of the City.
- Program revenues including federal and state grants and contributions, charges for services, and local revenues subsidized certain programs totaling \$36.7 million.
- Net cost of governmental activities (\$24.7 million) was financed by general revenues (\$51.0 million) that are made up of primarily gross receipt taxes (\$18.9 million), property taxes (\$9.8 million), and unrestricted grants, aid and state shared revenues (\$16.0 million).
- Charges for services decreased 13.0 percent, due primarily to a decrease in impact fees due to a decrease in single-family housing starts and an increase in multiple develop agreements that give impact fee credits for constructing the infrastructure.
- Gross receipt taxes and unrestricted grants, aid and state shared revenues exceeded fiscal year 2006 by \$2.3 million, primarily due to the increase in construction activity and new retail businesses.
- Property tax revenues exceeded fiscal year 2006 by \$1.4 million, primarily due to an increase in property valuations.

Business-type activities. Net assets of the business-type activities at the end of the year amount to \$89.0 million. The increase of \$14.3 million over fiscal year 2006 was primarily due to a rate increase in the charges for water and wastewater services, and the capital contributions to the multi-purpose event center.

The following are significant current year transactions that have had an impact on the Statement of Net Activities.

**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

- The City's water and wastewater utility increase in net assets is partially attributed to 5.4 percent increase in water rates and 5.4 percent increase in wastewater rates.
- Debt retirement on the event center began resulting in an increase from \$1.7 to \$2.7 million in expense activity due to operational expense.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$52.2 million, a decrease of \$15.5 million due to a decrease in development services fees, and impact fees. Also, the City is utilizing its revenue and general obligation funds for the construction of a Library, a New City Hall and an Aquatics Center.

The General Fund is the principal operating fund of the City. The decrease in fund balance of \$1.8 million in the General Fund to \$19.1 million as of June 30, 2007 was due primarily to \$12.2 million of transfers out to fund various construction and equipment replacement projects. Property tax, municipal and state shared taxes, and intergovernmental revenues increased, however charges for service and licenses and fees decreased.

Proprietary funds. Net assets of the business-type activities at the end of the year amount to \$89.0 million. The increase of \$14.3 million over fiscal year 2006 was primarily due to a rate increase in the charges for water and wastewater services, an increase in event activity and the multi-purpose event center, and \$7.1 million of capital contributions primarily from Sandoval County.

BUDGETARY HIGHLIGHTS

The City revised the General Fund budget during the year. The City conducts a mid-year budget review, which provides the City with an opportunity to adjust the fiscal year budget for changes in projected revenue and expenditure levels. The fiscal year 2007 budget recommendations for expenditures are focused on the following objectives:

**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

BUDGETARY HIGHLIGHTS (Cont'd)

- The maintenance of an Ending General Fund balance of not-less-than 15% of total yearly expenditures, in keeping with established policy.
- The inclusion of adequate funding to meet the employee compensation requirements established within the approved AFSCME and DPSA Collective Bargaining Agreements; as well as those contemplated non-bargaining-unit yearly adjustments to wages; and, reasonable and sufficient funding opportunities to provide for those changes to AFSCME Bargaining Unit compensation likely to be negotiated during, and impacting upon the fiscal year 2007 budget – this could include, for the first time, some beginning level of contribution toward a post-retirement healthcare plan.
- The inclusion of any and all local-match requirements necessary to fully fund those projects or programs supported in part by State or Federal Grants or by Legislative appropriations.
- The effective support for and enhancement of Public Safety programming and personnel to the extent that our community will remain one of the safest and most secure within the State.
- The ongoing, critical evaluation of programs and services from a holistic or “zero-based” approach, rather than the pursuit of mere incrementalism.
- The ongoing introduction of technology and technology-based service provision throughout our organization.
- The effective support of initiatives designed to pursue the City’s established Economic Development Policy – leading ultimately to the recruitment of new, large-volume retailers and service-providers which will substantively increase our recurring Gross Receipts Tax Revenues, as well as the retention and expansion of “economic-base” jobs.
- The effective planning for and construction of, transportation and utilities infrastructure in support of prioritized, growth-driven need, particularly in support of the established, Economic Development Policy.

The increases and decreases reflective of the fiscal year 2007 midyear budget can be briefly summarized as follows:

- The number of single family building permits issued has declined significantly and has affected both building inspection fees and plan check fees. On a year over year basis, through the first six months of fiscal year 2007 the number of permits issued has declined by 802 permits or 56.8 percent.
- Gross receipts tax revenue budget was adjusted by \$6.0 million, but with the robust growth in construction and services activity, actual variance ended with a negative \$1.1 million.

**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

BUDGETARY HIGHLIGHTS (Concl'd)

- Other significant revenue increase includes property tax, due to an increase in 2006 property valuations; interest rates have increased and grant aid for flood damage from the state.
- Expenditure differences are due to the addition of 34.5 personnel during the mid-year budget and the hiring process was not complete at year-end.
- The repair of the City's drainage system damaged by the summer rains increased expenditures by \$2.4 million.
- The rehabilitation of the Library and the construction of the Northern Community Center increased expenditures by \$0.8 million.
- Additional revenues received through gross receipts tax created more funding available for capital infrastructure projects and replacement of equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$384.3 million (net of accumulated depreciation). This investment in capital assets includes buildings, facilities, vehicles, equipment, and infrastructure assets. This amount represents a net increase of \$74.3 million over last year, primarily due to additions of general governmental road network assets, and the construction of the event center and City Hall. Total depreciation expense for the year was \$11.6 million.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2007 and June 30, 2006.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$51,035,680	\$46,629,585	\$6,374,915	\$5,216,384	\$57,410,595	\$51,845,969
Land improvements	3,538,805	2,677,906	3,308,017	3,202,898	6,846,822	5,880,804
Buildings and improvements	11,592,155	10,815,064	18,207,328	17,858,536	29,799,483	28,673,600
Vehicles, furniture and equipment	9,103,438	7,826,023	11,185,835	11,847,752	20,289,273	19,673,775
System infrastructure	78,916,505	84,824,016	72,483,594	69,262,431	151,400,099	154,086,447
Construction in progress	<u>56,142,981</u>	<u>15,985,033</u>	<u>62,399,396</u>	<u>33,838,936</u>	<u>118,542,377</u>	<u>49,823,969</u>
Total	<u>\$210,329,565</u>	<u>\$168,757,627</u>	<u>\$173,959,084</u>	<u>\$141,226,937</u>	<u>\$384,288,649</u>	<u>\$309,984,564</u>

Additional information on the City's capital assets can be found in Note 4.

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont'd)

Debt Administration. At the end of the current fiscal year, the City had \$206.7 million in long-term debt outstanding, with \$6.3 million due within one year. The following table presents a summary of the City's outstanding bonded debt for the fiscal years ended June 30, 2007 and June 30, 2006.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ 15,075,000	\$ 16,765,000			\$15,075,000	\$16,765,000
Revenue bonds	20,225,000	20,980,000	159,655,000	130,555,000	179,880,000	151,535,000
Notes payable	2,856,469	843,357			2,856,469	843,357
Loans payable	-	-	8,853,894	9,280,350	8,853,894	9,280,350
Total	\$ 38,156,469	\$ 38,588,357	\$168,508,894	\$139,835,350	\$206,665,363	\$178,423,707

State statutes currently limit the amount of general obligation debt a City may issue to 4 percent of its total assessed valuation for general purposes. The current debt limitation for the City is \$73,611,213. State statute also currently does not limit the amount of general obligation debt a City may issue for water and wastewater system. The City has no outstanding general obligation debt for the water and wastewater system.

The City's general obligation bond debt is graded at AA- by Fitch Ratings and A1 by Moody's. The gross receipts tax revenue bond debt is graded an A1 by Moody's and A+ by Standard & Poors. The City's water and wastewater revenue bond debt was upgraded to A+ by Fitch Ratings and Standard & Poors maintained an A rating.

Additional information on the City's long-term debt can be found in Note 5.

The following are significant current year transactions that have had an impact on capital assets.

- The addition of \$41.8 million in governmental activities due the construction of a New City Hall and various roads projects.
- The addition of \$3.3 million in governmental activities vehicles, furniture and equipment which primarily consisted of 34 vehicles and 3 pieces of public works machinery.
- The addition of \$20.5 million of business-type activities construction in progress due to the construction of the Multi-Purpose Event Center.
- The addition of \$11.6 million in business-type system infrastructure, for the development of the New City Center.

The following are significant current year transactions that have had an impact on long-term debt.

- The City issued \$32.9 million of water and wastewater revenue bonds for funding water and wastewater system improvement projects and funding the reserve for the Series 2007.

**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

- The City entered into a loan agreement in the amount of \$1.0 million for the construction of Unser Boulevard.
- The City entered into a loan agreement in the amount of \$1.6 million for the purchase of fire fighting equipment for the City.
- Long-term debt retirement in the amount of \$3.1 million and \$4.3 million in the governmental and business-type activities, respectively.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Many factors were considered by the City's administration during the process of developing the fiscal year 2007-08 budgets. The objectives set for the fiscal year budget include the following:

- The planning for adequate funding to meet employee compensation requirements generated by the approved AFSCME Collective Bargaining Agreement, the expected DPSA Collective Bargaining Agreement, and the contemplated non-bargaining yearly adjustments.
- The funding for the long awaited Retiree Health Care benefit for City employees.
- The planning and budgeting for the, Governing Body approved, reorganization of the Department of Public Safety into two departments, the Department of Public Safety and the Department of Fire/Rescue.
- The inclusion of funding for additions to Personnel as a prioritized basis. Of particular importance is the funding of nine (9) full-time and twenty-four (24) part-time positions to adequately staff the Rio Rancho Indoor Aquatics Center, scheduled to open in April 2008.
- The funding of Capital Improvements on a prioritized basis, in order to enhance services to our community in areas of greatest need or impact. The planned Mariposa Fire Station is fully funded.
- The inclusion of the local-match requirements necessary to fund projects or programs supported in part by State or Federal Grants or Legislative appropriations.
- The further funding of the Infrastructure Rehabilitation Fund created to meet the need of rehabilitation or construction of public infrastructure, within established areas of the community, not eligible for the expenditure of impact fee revenues.

The City is a rapidly growing city in New Mexico with an estimated population of 75,000. To meet the challenges of this rapid growth, the City is continuing to make key organizational improvements to improve our service delivery including the addition of 42, 18 full-time and 24 part-time, general and utility fund staff positions.

**CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS (Concl'd)

The metropolitan area is in line with the state as a whole, slowed during the first half of 2007. Employment growth slipped to 2.0 percent and 1.7 percent in the first and second quarters of 2007, respectively. The metropolitan personal income growth for the second quarter of 2007 was estimated at 6.2 percent. The unemployment rate, non-seasonally adjusted, was 3.5 percent from the first quarter. The metropolitan area added 6,567 jobs from the second quarter of 2006 to 2007. The leading four sectors include: educational and healthcare services, professional and business services, leisure and hospitality, and government. New housing permits in the Albuquerque metropolitan area were down 5.9 percent. In Rio Rancho, total and single family permits were only half of what they were a year ago.

These indicators were considered when adopting the budget for fiscal year 2007-08. Amounts available in the General Fund budget are \$52.6 million, a decrease of 2.1 percent. Municipal and state shared gross receipts taxes are expected to decline by 6.0 percent; however the 2007 property tax assessment shows an increase of 4.61 percent. Budgeted expenditures in the General Fund increased 16.6 percent to \$50.0 million in fiscal year 2007-08. The primary reason for this increase is 34 positions are added to City staff and 34.5 positions added during the mid-year budget, as well as, the annual salary increases. No new programs were added to the 2007-08 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Fiscal Services Department, City of Rio Rancho, 3200 Civic Center Circle NE Rio Rancho, New Mexico 87144.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 45,798,790	\$ 62,110,664	\$ 107,909,454
Property taxes receivable	526,219		526,219
Accounts receivable	1,414,661	4,722,623	6,137,284
Due from federal government	3,494,792	145,887	3,640,679
Due from state government	7,538,202		7,538,202
Total current assets	<u>58,772,664</u>	<u>66,979,174</u>	<u>125,751,838</u>
Noncurrent assets:			
Restricted investments		11,581,655	11,581,655
Deferred bond issuance costs	370,582	2,149,121	2,519,703
Deferred refunding charges	95,786	4,587,652	4,683,438
Deferred bond discount		292,574	292,574
Goodwill (net of amortization)		5,001,588	5,001,588
Land	51,035,680	6,374,915	57,410,595
Land improvements	5,652,595	3,841,509	9,494,104
Infrastructure	176,525,777	82,550,944	259,076,721
Buildings and improvements	15,649,095	23,705,355	39,354,450
Vehicles, furniture and equipment	20,520,385	20,592,004	41,112,389
Construction in progress	56,142,981	62,399,396	118,542,377
Accumulated depreciation	(115,196,949)	(25,505,039)	(140,701,988)
Total noncurrent assets	<u>210,795,932</u>	<u>197,571,674</u>	<u>408,367,606</u>
Total assets	<u>269,568,596</u>	<u>264,550,848</u>	<u>534,119,444</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	4,849,242	2,669,925	7,519,167
Accrued payroll	759,503	33,726	793,229
Accrued interest payable	344,558	1,066,649	1,411,207
Compensated absences payable	1,937,691	81,851	2,019,542
Note payable	488,641	439,249	927,890
Unearned revenue	279,405		279,405
General obligation bonds payable	750,000		750,000
Revenue bonds payable	780,000	5,455,000	6,235,000
Deposits held for others		1,264,064	1,264,064
Total current liabilities	<u>10,189,040</u>	<u>11,010,464</u>	<u>21,199,504</u>
Noncurrent liabilities:			
Note payable	2,367,828	8,414,645	10,782,473
General obligation bonds payable	14,325,000		14,325,000
Revenue bonds payable	19,445,000	154,200,000	173,645,000
Deferred bond premium	1,044,906	1,923,840	2,968,746
Total non-current liabilities	<u>37,182,734</u>	<u>164,538,485</u>	<u>201,721,219</u>
Total liabilities	<u>47,371,774</u>	<u>175,548,949</u>	<u>222,920,723</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	184,408,573	57,733,951	242,142,524
Restricted for:			
Debt service	2,013,578	11,581,655	13,595,233
Capital projects	17,330,704		17,330,704
Unrestricted	18,443,967	19,686,293	38,130,260
Total net assets	<u>\$ 222,196,822</u>	<u>\$ 89,001,899</u>	<u>\$ 311,198,721</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General government	\$ 9,446,698	\$ 1,234,218	\$	\$ 173,667	\$ (8,038,813)
Public safety	22,755,627	4,408,392	1,969,023	420,397	(15,957,815)
Public works	15,388,104	1,163,828	372,269	21,250,525	7,398,518
Culture and recreation	8,877,320	1,661,845	190,238	3,315,434	(3,709,803)
Economic development	2,944,345	490,463	32,485		(2,421,397)
Interest on long-term debt	1,943,996				(1,943,996)
Total governmental activities	61,356,090	8,958,746	2,564,015	25,160,023	(24,673,306)
Business-type activities:					
Water	10,763,072	13,535,909		218,786	
Wastewater	8,739,795	11,066,613		768,891	
Event center	2,682,495	1,161,574	150,000	6,143,063	
Total business-type activities	22,185,362	25,764,096	150,000	7,130,740	
Total primary government	\$ 83,541,452	\$ 34,722,842	\$ 2,714,015	\$ 32,290,763	(24,673,306)

General revenues:

Taxes:

Property taxes, levied for general purposes	7,478,350
Property taxes, levied for debt service	2,281,599
Gross receipts taxes	18,858,973
Franchise taxes	2,800,615
Unrestricted grants, aid and state shared revenues	15,969,522
Investment income	2,881,181
Miscellaneous	704,101
Total general revenues	<u>50,974,341</u>

Changes in net assets 26,301,035

Net assets, beginning of year 195,895,787

Net assets, end of year \$222,196,822

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue
and Changes in Net Assets

Business-type Activities	Totals
\$	\$ (8,038,813)
	(15,957,815)
	7,398,518
	(3,709,803)
	(2,421,397)
	(1,943,996)
	<u>(24,673,306)</u>
2,991,623	2,991,623
3,095,709	3,095,709
4,772,142	4,772,142
<u>10,859,474</u>	<u>10,859,474</u>
<u>10,859,474</u>	<u>(13,813,832)</u>
	7,478,350
	2,281,599
	18,858,973
	2,800,615
	15,969,522
3,437,707	6,318,888
	704,101
<u>3,437,707</u>	<u>54,412,048</u>
14,297,181	40,598,216
<u>74,704,718</u>	<u>270,600,505</u>
<u>\$ 89,001,899</u>	<u>\$311,198,721</u>

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FUND FINANCIAL STATEMENTS

CITY OF RIO RANCHO, NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Bond Construction Fund 2005	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 13,027,174	\$ 4,469,428	\$ 28,302,188	\$ 45,798,790
Property taxes receivable	395,988		130,231	526,219
Accounts receivable	1,230,755		183,906	1,414,661
Due from federal government	257,862		3,236,930	3,494,792
Due from state government	4,816,636		2,721,566	7,538,202
Due from other funds	2,035,743			2,035,743
Total assets	<u>\$ 21,764,158</u>	<u>\$ 4,469,428</u>	<u>\$ 34,574,821</u>	<u>\$ 60,808,407</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,329,177	\$ 898,483	\$ 2,621,582	\$ 4,849,242
Accrued payroll	741,702		17,801	759,503
Accrued interest payable			344,558	344,558
Due to other funds			2,035,743	2,035,743
Deferred revenue	512,831		79,570	592,401
Total liabilities	<u>2,583,710</u>	<u>898,483</u>	<u>5,099,254</u>	<u>8,581,447</u>
Fund balances:				
Unreserved:				
Undesignated	19,180,448	3,570,945		22,751,393
Unreserved reported in:				
Special revenue funds			6,602,598	6,602,598
Capital projects funds			21,263,871	21,263,871
Debt service funds			1,609,098	1,609,098
Total fund balances	<u>19,180,448</u>	<u>3,570,945</u>	<u>29,475,567</u>	<u>52,226,960</u>
Total liabilities and fund balances	<u>\$ 21,764,158</u>	<u>\$ 4,469,428</u>	<u>\$ 34,574,821</u>	<u>\$ 60,808,407</u>

CITY OF RIO RANCHO, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NEW ASSETS
JUNE 30, 2007

Total Governmental Fund balances **\$ 52,226,960**

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	325,526,513	
Less accumulated depreciation	<u>(115,196,949)</u>	210,329,564

Property tax revenues that are not available to pay for current period expenditures are deferred in the funds.		312,996
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Deferred charges, issuance costs and premiums related to issuance of bonds are amortized over the life of the associated issue in the government-wide statements.		(578,538)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences payable	(1,937,691)	
Notes payable	(2,856,469)	
General obligation bonds payable	(15,075,000)	
Revenue bonds payable	<u>(20,225,000)</u>	<u>(40,094,160)</u>

Net Assets of Governmental Activities **\$ 222,196,822**

CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	General	Bond Construction Fund 2005	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 7,409,452	\$	\$ 2,259,624	\$ 9,669,076
Municipal and state shared taxes	31,060,036		3,768,459	34,828,495
License and permits	375,559			375,559
Intergovernmental	2,039,386		12,927,714	14,967,100
Impact fees			3,346,000	3,346,000
Charges for services	5,717,728		548,906	6,266,634
Fines and forfeits	1,068,457		89,692	1,158,149
Franchise fees	2,647,957		152,658	2,800,615
Contributions and donations			1,707,453	1,707,453
Investment income	748,215	649,234	1,483,732	2,881,181
Other revenues	1,154,905		704,101	1,859,006
Total revenues	<u>52,221,695</u>	<u>649,234</u>	<u>26,988,339</u>	<u>79,859,268</u>
Expenditures:				
Current -				
General government	6,082,189	3,382	3,030,504	9,116,075
Public safety	20,154,593		1,424,580	21,579,173
Public works	5,735,313		3,101,675	8,836,988
Culture and recreation	6,808,768		1,477,338	8,286,106
Economic development	2,203,342		661,197	2,864,539
Capital outlay	940,761	14,347,585	27,029,600	42,317,946
Debt service -				
Principal			3,128,174	3,128,174
Interest and fiscal charges			1,958,773	1,958,773
Total expenditures	<u>41,924,966</u>	<u>14,350,967</u>	<u>41,811,841</u>	<u>98,087,774</u>
Excess (deficiency) of revenues over expenditures	<u>10,296,729</u>	<u>(13,701,733)</u>	<u>(14,823,502)</u>	<u>(18,228,506)</u>
Other financing sources (uses):				
Loan proceeds			2,696,286	2,696,286
Transfers in	162,249		12,248,354	12,410,603
Transfers out	(12,248,354)		(162,249)	(12,410,603)
Total other financing sources (uses)	<u>(12,086,105)</u>		<u>14,782,391</u>	<u>2,696,286</u>
Changes in fund balances	<u>(1,789,376)</u>	<u>(13,701,733)</u>	<u>(41,111)</u>	<u>(15,532,220)</u>
Fund balances, beginning of year	20,969,824	17,272,678	29,516,678	67,759,180
Fund balances, end of year	<u>\$ 19,180,448</u>	<u>\$ 3,570,945</u>	<u>\$ 29,475,567</u>	<u>\$ 52,226,960</u>

CITY OF RIO RANCHO, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

Net Changes in Fund Balances - Total Governmental Funds **\$ (15,532,220)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	42,447,948	
Less current year depreciation	<u>(8,313,319)</u>	34,134,629

Capital assets contributed by developers to the City are not recorded in the governmental funds as they do not provide current financial resources but are recognized in the Statement of Activities as program revenues. 7,706,984

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Loss on sale of capital assets	(269,676)	
Amortization of bond issuance costs	(25,555)	
Amortization of deferred charges	(19,158)	
Compensated absences	<u>(276,220)</u>	(590,609)

Revenue that are deferred in the governmental funds because they do not provide current financial resources are included in the Statement of Activities.

Property taxes	90,873	
Amortization of bond premium	<u>59,490</u>	150,363

Repayment of long-term debt principal are expenditures in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.

General obligation bonds retirement	1,690,000	
Revenue bonds retirement	755,000	
Notes payable retirement	<u>683,174</u>	3,128,174

The issuance of long-term debt provides and uses current financial resources in the governmental funds, but the issuance increases long-term liabilities and the related deferred items in the Statement of Net Assets. (2,696,286)

Change in Net Assets in Governmental Activities **\$ 26,301,035**

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CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 6,932,888	\$ 7,331,835	\$ 7,409,452	\$ 77,617
Municipal and state shared taxes	26,172,589	32,208,756	31,060,036	(1,148,720)
License and permits	368,647	357,647	375,559	17,912
Intergovernmental	405,860	831,322	2,039,386	1,208,064
Charges for services	6,115,550	5,202,512	5,717,728	515,216
Fines and forfeits	973,832	1,038,832	1,068,457	29,625
Franchise fees	2,509,315	2,574,983	2,647,957	72,974
Investment income	511,842	704,565	748,215	43,650
Other revenues	1,299,832	1,381,714	1,154,905	(226,809)
Total revenues	<u>45,290,355</u>	<u>51,632,166</u>	<u>52,221,695</u>	<u>589,529</u>
Expenditures:				
Current -				
General government	6,218,648	6,841,124	6,082,189	758,935
Public safety	19,624,823	20,531,061	20,154,593	376,468
Public works	6,243,582	6,861,849	5,735,313	1,126,536
Culture and recreation	7,639,593	8,209,780	6,808,768	1,401,012
Economic development	2,554,974	2,818,084	2,203,342	614,742
Capital outlay	505,761	1,558,122	940,761	617,361
Total expenditures	<u>42,787,381</u>	<u>46,820,020</u>	<u>41,924,966</u>	<u>4,895,054</u>
Excess (deficiency) of revenues over expenditures	<u>2,502,974</u>	<u>4,812,146</u>	<u>10,296,729</u>	<u>5,484,583</u>
Other financing sources (uses):				
Transfers in	143,285	363,449	162,249	(201,200)
Transfers out	(8,313,065)	(12,656,522)	(12,248,354)	408,168
Total other financing sources (uses)	<u>(8,169,780)</u>	<u>(12,293,073)</u>	<u>(12,086,105)</u>	<u>206,968</u>
Change in fund balances	<u>(5,666,806)</u>	<u>(7,480,927)</u>	<u>(1,789,376)</u>	<u>5,691,551</u>
Fund balances, July 1, 2006	12,364,810	14,314,739	20,969,824	6,655,085
Fund balances, June 30, 2007	<u>\$ 6,698,004</u>	<u>\$ 6,833,812</u>	<u>\$ 19,180,448</u>	<u>\$ 12,346,636</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Enterprise Funds		
	Utilities	Multi-Purpose Event Center	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 61,309,358	\$ 801,306	\$ 62,110,664
Accounts receivable	4,722,623		4,722,623
Due from federal government	145,887		145,887
Total current assets	66,177,868	801,306	66,979,174
Noncurrent assets:			
Restricted investments	8,703,683	2,877,972	11,581,655
Deferred bond issuance costs	1,642,787	506,334	2,149,121
Deferred refunding charges	4,587,652		4,587,652
Deferred bond discount	14,578	277,996	292,574
Goodwill (net of amortization)	5,001,588		5,001,588
Land	6,042,415	332,500	6,374,915
Land improvements	3,841,509		3,841,509
Infrastructure	82,550,944		82,550,944
Buildings and improvements	23,705,355		23,705,355
Vehicles, furniture and equipment	20,592,004		20,592,004
Construction in progress	21,142,751	41,256,645	62,399,396
Accumulated depreciation	(25,505,039)		(25,505,039)
Total noncurrent assets	152,320,227	45,251,447	197,571,674
Total assets	218,498,095	46,052,753	264,550,848
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	2,632,286	37,639	2,669,925
Accrued payroll	33,726		33,726
Accrued interest payable	927,069	139,580	1,066,649
Compensated absences payable	81,851		81,851
Note payable	439,249		439,249
Revenue bonds payable	4,335,000	1,120,000	5,455,000
Deposits held for others	1,264,064		1,264,064
Total current liabilities	9,713,245	1,297,219	11,010,464
Noncurrent liabilities:			
Note payable	8,414,645		8,414,645
Revenue bonds payable	119,570,000	34,630,000	154,200,000
Deferred bond premium	1,923,840		1,923,840
Total non-current liabilities	129,908,485	34,630,000	164,538,485
Total liabilities	139,621,730	35,927,219	175,548,949
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	51,110,476	6,623,475	57,733,951
Restricted for:			
Debt service	8,703,683	2,877,972	11,581,655
Unrestricted	19,062,206	624,087	19,686,293
Total net assets	\$ 78,876,365	\$ 10,125,534	\$ 89,001,899

The notes to the financial statements are an integral part of this statement.

CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds		
	Utilities	Multi-Purpose Event Center	Total
Operating revenues:			
Charges for services - water	\$ 13,535,909	\$	\$ 13,535,909
Charges for services - wastewater	11,066,613		11,066,613
Charges for services - event center		1,161,574	1,161,574
Total operating revenues	<u>24,602,522</u>	<u>1,161,574</u>	<u>25,764,096</u>
Operating expenses:			
Administration	3,297,185	746,912	4,044,097
Production costs	9,905,164		9,905,164
Depreciation	3,149,703		3,149,703
Total operating expenses	<u>16,352,052</u>	<u>746,912</u>	<u>17,098,964</u>
Operating income	<u>8,250,470</u>	<u>414,662</u>	<u>8,665,132</u>
Nonoperating revenues (expenses):			
Interest expense	(5,087,604)	(1,896,366)	(6,983,970)
Intergovernmental	565,563	150,000	715,563
Amortization of bond expense	(269,606)	(39,217)	(308,823)
Impact fees	1,987,056		1,987,056
Amortization of goodwill	(178,895)		(178,895)
Investment income	2,753,301	684,406	3,437,707
Other revenues	6,981		6,981
Other expenses	(174,310)		(174,310)
Total nonoperating revenues (expenses)	<u>(397,514)</u>	<u>(1,101,177)</u>	<u>(1,498,691)</u>
Income (loss) before capital contributions and transfers	<u>7,852,956</u>	<u>(686,515)</u>	<u>7,166,441</u>
Capital contributions	<u>987,677</u>	<u>6,143,063</u>	<u>7,130,740</u>
Changes in net assets	<u>8,840,633</u>	<u>5,456,548</u>	<u>14,297,181</u>
Total net assets, beginning of year	70,035,732	4,668,986	74,704,718
Total net assets, end of year	<u>\$ 78,876,365</u>	<u>\$ 10,125,534</u>	<u>\$ 89,001,899</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	Enterprise Funds		
	Utilities	Multi-Purpose Event Center	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 25,060,781	\$ 1,161,574	\$ 26,222,355
Cash payments to employees	(1,438,647)		(1,438,647)
Cash payments to suppliers for goods and services	(10,600,533)	(4,211,614)	(14,812,147)
Net cash provided by (used for) operating activities	<u>13,021,601</u>	<u>(3,050,040)</u>	<u>9,971,561</u>
Cash flows from noncapital financing activities:			
Subsidy from state		150,000	150,000
Net cash provided by (used for) noncapital and related financing activities	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	(15,325,296)	(13,425,814)	(28,751,110)
Payment of principal on long-term debt	(4,450,237)		(4,450,237)
Interest paid on bonds	(4,942,141)	(1,756,786)	(6,698,927)
Proceeds from bond issuance	29,501,503		29,501,503
Capital contributions	432,627	1,112,187	1,544,814
Development impact fees	1,987,056		1,987,056
Net cash provided by (used for) capital and related financing activities	<u>7,203,512</u>	<u>(14,070,413)</u>	<u>(6,866,901)</u>
Cash flows from investing activities:			
Investment income	2,753,301	684,406	3,437,707
Net cash provided by investing Activities	<u>2,753,301</u>	<u>684,406</u>	<u>3,437,707</u>
Net increase (decrease) in cash and cash equivalents	22,978,414	(16,286,047)	6,692,367
Cash and cash equivalents, beginning of year	38,330,944	17,087,353	55,418,297
Cash and cash equivalents, end of year	<u>\$ 61,309,358</u>	<u>\$ 801,306</u>	<u>\$ 62,110,664</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u>			
Operating income	\$ 8,250,470	\$ 414,662	8,665,132
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	3,149,703		3,149,703
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	275,914		275,914
Increase (decrease) in accounts payable	1,175,697	(3,464,702)	(2,289,005)
Increase (decrease) in accrued liabilities	1,574		1,574
Increase (decrease) in compensated absences payable	10,954		10,954
Increase (decrease) in deposits held for others	182,345		182,345
Total adjustments	<u>4,771,131</u>	<u>(3,464,702)</u>	<u>1,306,429</u>
Net cash provided by (used for) operating activities	<u>\$ 13,021,601</u>	<u>\$ (3,050,040)</u>	<u>\$ 9,971,561</u>
Non-cash investing capital and financing activities:			
Capital assets acquired through contributions from developers	\$ 987,677	\$ 6,143,063	\$ 7,130,740

CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2007

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 3,904,269</u>
Total assets	<u><u>\$ 3,904,269</u></u>
<u>LIABILITIES</u>	
Deposits held for others	<u>3,904,269</u>
Total liabilities	<u><u>\$ 3,904,269</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rio Rancho (City) was incorporated in 1981 and the voters approved a home rule amendment to the charter in 1992. The City operates under a manager-council form of government with six council members.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's significant accounting policies are described below.

A. Reporting Entity

The City's major operations include police and fire protection, library, parks and recreation, certain community and social services and general administrative services. In addition, the City owns and operates two enterprise funds, which includes a Utilities Fund for water and wastewater operations and the Multi-purpose Event Center.

The financial reporting entity consists of a primary government and its component units. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the City for financial statement presentation purposes, and the City is not included in any other governmental reporting entity. Consequently, the City's financial statements include only the financial activity of those organizational entities for which its elected governing body is financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City and its component units. For the most part, the effect of internal activity has been removed from these statements. These statements distinguish between governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes,

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

investment income and other items not included among program revenues, but are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. In addition, the fiduciary fund financial statements are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements, however the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their exchange value.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts and gasoline taxes, are recognized as revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipts taxes, state shared taxes, franchise fees, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenue also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property taxes recognized are net of estimated refunds and uncollectible amounts. Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

The City reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

Bond Construction Fund 2005 – This capital projects fund is used to account for the construction of a new City Hall.

The City reports the following major proprietary funds.

Utilities Fund – This enterprise fund is used to account for all operations of the water and wastewater systems.

Multi-Purpose Event Center Fund – This enterprise fund is used to account for all construction and operations of the multi-purpose event center.

Additionally, the City reports the following fund type:

Fiduciary Fund – The Fiduciary Fund consists of agency funds which account for assets held by the City on behalf of others and includes the Gross Receipts Incentive Program (GRIP), Special Assessment District V Bonds Fund, the Municipal Court Fund, the Motor Vehicle Division Fund, and the Rio Rancho Economic Development Fund. These funds account for monies temporarily held by the City as an agent.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's enterprise funds are charges to customers for water and wastewater services and the event center. Operating expenses for this fund include production costs, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

D. Investments

New Mexico Statutes Annotated (NMSA) authorizes the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of New Mexico, counties, cities, towns, school districts, and special districts as specified by statute.

The State of New Mexico local government investment pool is a pool that is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advise and consent of the State Board of Finance, to invest money held in the short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary. The investment in the State of New Mexico local government investment pool approximates the value of the participant's pool share.

A significant portion of the cash and investments of funds of the City is pooled for investment purposes. The balance reported for each participating fund as "Cash and Investments" represents the equity of that fund in the pooled cash and investments. Interest earnings on pooled investments are allocated to the participating funds based on average daily balances.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Investment Income

Investment income is composed of interest and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes attach as a lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located within the City as of the preceding January 1. The taxable valuation for the various classes of property are determined by the Sandoval County Assessor and the State of New Mexico Department of Finance and Administration (DFA), Local Government Division at one-third of assessed valuation. Property in the City for the fiscal year 2007 tax levy had a taxable value of \$1,840,280,318. The rate of taxes for operating purposes for all taxing jurisdictions is limited by the State Constitution to 20 mils (\$20 per \$1,000 assessed valuation), of which the City's portion, by state regulation, is limited to 4.81 mils. The 2006 weighted average residential and non-residential City rate for both operations and debt service was 7.964 mils. Property taxes are payable in two equal installments due on November 10th of the current year and April 10th of the following year and become delinquent after 30 days.

G. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, vehicles, furniture, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Software is capitalized when acquired while library books are not capitalized because the aggregated cost of books is considered immaterial. Donated capital assets are recorded at estimated fair market value at the date of donation.

General government infrastructure assets acquired prior to July 1, 2002 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1981. These infrastructure assets are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Certain capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Improvements other than buildings	20
Public domain infrastructure	15-65
System infrastructure	30
Vehicles	8
Furniture and equipment	5

H. Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay not to exceed 240 hours. Any unused vacation benefits in excess will be forfeited at the end of the fiscal year. Vacation benefits vest immediately at the employee's current rate of pay. Sick leave benefits may be converted to vacation leave at specified rates upon retirement after 10 or more years of service; however, the sick leave benefits do not vest. The current and long-term liabilities for accumulated vacation leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Resources from the General and Special Revenue Funds are used to pay for compensated absences.

I. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Net Assets Restriction and Fund Balance Reservations

In the government-wide financial statements only restrictions imposed by external sources or enabling legislation are identified as restricted net assets.

In the fund financial statements, governmental funds report reservations or designations of fund balance for amounts that are not available for expenditures or identified for use of a specific purpose by the City. At June 30, 2007, the City had no reservations of fund balance in the governmental funds.

K. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

L. Budgets

The General, Special Revenue, Debt Service, Capital Projects, and Proprietary Fund budgets are subject to approval by the New Mexico Department of Finance and Administration (DFA), Local Government Division.

During the month of May, public hearings are conducted to obtain taxpayer comments. Prior to June 1, the City submits to the DFA a proposed operating budget for the fiscal year commencing the following July 1. The budget is prepared by fund and function and includes proposed expenditures, which include carryover encumbrances and accounts payable, and the means of financing them. Prior to July 1, DFA grants interim approval for the City to operate on the proposed budget subject to adjustments and/or revisions prior to final subsequent approval before the first Monday in September. Such approval is contingent upon the City Council adopting the proposed budget in accordance with applicable state statutes, and sufficient funds being available for anticipated fiscal year expenditures. Prior to July 31, the City Council adopts by resolution a formal budget and such budget is presented to DFA for final approval.

Section 6-6-6, NMSA, 1978 Compilation prohibits municipalities from making expenditures in excess of the approved budget. For these purposes the budget referred to is the fund's total budget.

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

M. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at June 30, 2007 were cash in bank, investments held by the State Treasurer, and investments held by City.

NOTE 2 - DEPOSITS AND INVESTMENTS

At June 30, 2007, the carrying amount of the City's deposits was \$18,273,299 and the bank was \$20,931,605. The difference represents outstanding checks, deposits, and other reconciling items. In addition, the City has \$4,308 of cash on hand at June 30, 2007.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a specific deposit policy for custodial credit risk; however, under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. The City's agreement with its sole depository requires pledged collateral of 102% of the public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC).

The pledged collateral by bank at June 30, 2007, consists of the following.

Total amount on deposit	\$20,931,605
Less FDIC coverage	(100,000)
Total uninsured public funds	<u>20,831,605</u>
50% collateral requirement	10,415,803
Pledged securities, fair value	<u>36,190,475</u>
Pledged in excess of requirement	<u>\$25,774,672</u>

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS (Cont'd)

As of June 30, 2007, the City had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Commercial Paper	\$ 707,440	\$ 707,440	
Money Market – U.S. Treasury	3,368,595	3,368,595	
State Treasurer's Investment Pool	27,484,145	27,484,145	
U.S. Treasury Bills	14,910,258	14,910,258	
U.S. Agencies Discount Notes:			
Federal Nat'l Mortgage Association (FNMA)	15,956,200	15,956,200	
Federal Home Loan Mortgage Corp (FHLMC)	41,698,333	41,698,333	
Federal Home Loan Bank (FHLB)	992,800	992,800	
Total	<u>\$ 105,117,771</u>	<u>\$ 105,117,771</u>	<u>\$</u>

Interest rate risk. In order to limit interest and market rate risk from changes in interest rates, the City's adopted Investment Policy sets a maximum maturity on any investment of three (3) years with the exception of bond or trust funds which should be matched to the planned expenditures of the funds.

As of June 30, 2007, the portfolio contained no holding with a stated maturity beyond one year. The securities in the portfolio were all notes and discount notes of three U.S. agencies (FHLB, FHLMC, and FNMA), U.S. Treasury Notes and Bills, Commercial Paper, and Money Market Funds.

Credit risk. A primary stated objective of the City's adopted Investment Policy is the safety of principal and avoidance of principal loss. Risk is controlled by investment in the highest credit quality investments as defined by its adopted Policy and state law. The investments primary objective is to ensure that capital losses are avoided, whether from security defaults or erosion of market value.

Credit risk within the City's portfolio among the authorized investments approved by the City's adopted Investment Policy includes only:

- repurchase agreements with depository institutions,
- time and demand deposits of New Mexico banks,
- savings and loan association deposits,
- investment grade obligations of state and local governments,
- commercial paper,
- money market mutual funds, and
- State Treasurer's local government investment pool.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS (Concl'd)

All other investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the U.S. Government, its agencies or instrumentalities. The City's adopted Investment Policy restricts investment in banker's acceptances and mortgage-backed derivative securities.

The City's Policy and state law restrict certificates of deposit to those which are fully collateralized or insured and issued by eligible depositories in New Mexico. Such CDs are further collateralized to 100% with pledged U.S. obligations securities held by an independent custodian.

State and municipal obligations from entities within the United States must have a taxable valuation of real property for the preceding year of at least \$1 million and that has not defaulted in bond obligations within the preceding five years.

Money market mutual funds must be registered under the 1940 Act and must have assets of at least \$100 million. The City's Policy does not require that SEC registered money market mutual funds be rated as to investment quality.

The *New MexiGROW* Local Government Investment Pool (LGIP), a government investment pool is rated AAAM by Standard & Poor's and is authorized by the New Mexico State statute.

Concentration of credit risk. The City's adopted Investment Policy stresses diversification on all investments. With the exception of U.S. Treasuries, the City's Policy allows no more than 50% of the total portfolio to be invested in any single investment type, any single financial institution, or single maturity. As of June 30, 2006, the City's portfolio primarily was in U.S. Treasury securities and three different agencies of the U.S. Government (FHLB 0.7%, FHLMC 40% and FNMA 15%).

Custodial credit risk. To control custody risk State law and the City's adopted Investment Policy requires all securities and all collateral for time and demand deposits as well as repurchase agreement collateral be transferred delivery versus payment and held by an independent party approved by the City. All securities and collateral are held in the City's name. The custodian is required to provide original safekeeping receipts. Repurchase agreements and deposits must be collateralized to 102% and 100% respectively.

The City's investment in the New Mexico State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio. The City's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the Office of the State Treasurer disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the Office of the State Treasurer, P.O. Box 608, Santa Fe, NM 8754-0608.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 - RECEIVABLES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and Proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Funds:		
Delinquent property taxes receivable (General Fund)	\$ 233,426	\$
Customer deposits (General Fund)		236,075
Confiscations (General Fund)		43,330
Delinquent property taxes receivable (Non-major Funds)	79,570	
Total deferred revenue for governmental funds	<u>\$ 312,996</u>	<u>\$ 279,405</u>

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2007 follows.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$46,629,585	4,682,156	276,061	\$51,035,680
Construction in progress	15,985,033	41,830,533	1,672,585	56,142,981
Total capital assets, not being depreciated	<u>62,614,618</u>	<u>46,512,689</u>	<u>1,948,645</u>	<u>107,178,661</u>
Capital assets, being depreciated:				
Infrastructure	176,337,644	188,133		176,525,777
Buildings and improvements	14,580,342	1,068,753		15,649,095
Land improvements	4,608,512	1,044,083		5,652,595
Vehicles, furniture and equipment	18,554,997	3,289,920	1,324,532	20,520,385
Total capital assets being depreciated	<u>214,081,495</u>	<u>5,590,889</u>	<u>1,324,532</u>	<u>218,347,852</u>
Less accumulated depreciation for:				
Infrastructure	(91,513,628)	(6,095,644)		(97,609,272)
Buildings and improvements	(3,765,278)	(291,662)		(4,056,940)
Land improvements	(1,930,606)	(183,184)		(2,113,790)
Vehicles, furniture and equipment	(10,728,974)	(1,742,829)	(1,054,856)	(11,416,947)
Total accumulated depreciation	<u>(107,938,486)</u>	<u>(8,313,319)</u>	<u>(1,054,856)</u>	<u>(115,196,949)</u>
Total capital assets, being depreciated, net	<u>106,143,009</u>	<u>(2,722,430)</u>	<u>269,676</u>	<u>103,150,903</u>
Governmental activities capital assets, net	<u>\$168,757,627</u>	<u>\$43,790,259</u>	<u>\$2,218,321</u>	<u>\$210,329,564</u>

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 – CAPITAL ASSETS (Concl'd)

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$5,216,384	\$1,164,057	\$5,526	\$6,374,915
Construction in process	33,838,936	32,109,856	3,549,396	62,399,396
Total capital assets not being depreciated	<u>39,055,320</u>	<u>33,273,913</u>	<u>3,340,784</u>	<u>68,774,311</u>
Capital assets, being depreciated:				
Buildings and improvements	22,881,708	823,647		23,705,355
System infrastructure	78,110,119	4,440,825		82,550,944
Vehicles, furniture and equipment	19,816,039	826,906	50,941	20,592,004
Land improvements	3,644,960	196,549		3,841,509
Total capital assets being depreciated	<u>124,452,825</u>	<u>6,287,927</u>	<u>50,941</u>	<u>130,689,812</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,023,172)	(1,219,662)		(5,498,027)
System infrastructure	(8,847,688)	(474,855)		(10,067,350)
Vehicles, furniture and equipment	(7,968,287)	(91,430)		(9,406,169)
Land and improvements	(442,062)	(1,471,249)	(33,367)	(533,492)
Total accumulated depreciation	<u>(22,281,209)</u>	<u>(3,257,196)</u>	<u>(33,367)</u>	<u>(25,505,039)</u>
Total capital assets, being depreciated, net	<u>102,171,617</u>	<u>3,030,730</u>	<u>17,574</u>	<u>105,184,773</u>
Business-type activities capital assets, net	<u>\$105,138,045</u>	<u>\$36,304,643</u>	<u>\$3,572,496</u>	<u>\$173,959,084</u>

Depreciation expense was charged to functions/programs as follows.

Governmental Activities:

General government	\$117,997
Public safety	970,391
Public works	6,654,161
Culture and recreation	532,589
Economic development	38,181
Total depreciation expense – governmental activities	<u>\$8,313,319</u>

Business-Type Activities:

Water	\$1,502,511
Wastewater	1,754,685
Total depreciation expense – business-type activities	<u>\$3,257,196</u>

Construction Commitments - As of June 30, 2007, the City was involved in several construction projects. The estimated cost to complete the construction projects is \$60,038,770.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10 to 15 year serial bonds with varying amounts of principal maturing each year. General Obligation bonds outstanding as reported in governmental activities at June 30, 2007 were as follows.

	<u>Outstanding June 30, 2007</u>
Governmental Activities General Obligation Bonds:	
\$5,000,000 General Obligation, Series 2002, due in annual installments of \$250,000 to \$600,000 through 8/1/2014; interest at 3.6 percent to 5.0 percent	3,250,000
\$5,500,000 General Obligation, Series 2004, due in annual installments of \$75,000 to 725,000 through 8/1/2016; interest at 3.15 percent to 4.0 percent	4,825,000
\$7,000,000 General Obligation, Series 2006, due in annual installments of \$300,000 to \$1,150,000 through 8/1/2018; interest at 4.0 percent to 5.0 percent	<u>7,000,000</u>
Total Governmental Activities General Obligation Bonds	<u>\$15,075,000</u>

B. Gross Receipts Tax Revenue Bonds

Gross receipts tax revenue bonds are issued specifically for the acquisition and construction of major capital facilities. These bonds are secured by a pledge of gross receipts tax revenue. Gross receipts tax revenue bonds outstanding as reported in governmental activities at June 30, 2007 were as follows.

	<u>Outstanding June 30, 2007</u>
Governmental Activities Revenue Bonds:	
\$4,465,000 Gross Receipts Tax Refunding Bonds, Series 2003, due in annual installments of \$300,000 to \$615,000, through 06/1/2012; interest at 2.75 percent to 4.132 percent	\$2,640,000
\$18,130,000 Gross Receipts Tax Bonds, Series 2005, due in annual installments of \$210,000 to \$1,625,000, through 06/01/2025; interest at 3.0 percent to 5.0 percent	<u>17,585,000</u>
Total Governmental Activities Revenue Bonds	<u>\$20,225,000</u>

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – LONG-TERM LIABILITIES (Cont'd)

C. Water and Wastewater Revenue Bonds

Water and Wastewater revenue bonds are issued and authorized by the governing body to provide funds to acquire and construct certain improvements to the water and wastewater systems of the City and to pay the costs incurred in connection with the issuance of the bonds. These bonds are secured by a pledge of revenues of the systems, and do not constitute a general obligation of the City backed by the general taxing authority. Water and Wastewater system revenue bonds outstanding as reported in business-type activities at June 30, 2007 were as follows.

	<u>Outstanding June 30, 2007</u>
Business-Type Activities Revenue Bonds:	
\$72,155,000 Water & Wastewater Refunding Bonds, Series 1999, due in annual installments of \$2,945,000 to \$6,175,000 through 5/15/2022; interest at 4.75 percent to 5.25 percent.	\$67,380,000
\$4,395,000 Water & Wastewater System Bonds, Series 2004, due in annual installments of \$170,000 to \$310,000 through 5/15/2024; interest at 2.375 percent to 4.5 percent	3,925,000
\$21,225,000 Water & Wastewater System Bonds, Series 2005, due in annual installments of \$715,000 to \$1,580,000 through 5/15/2025; interest at 3.25 percent to 5.0 percent	19,670,000
\$32,930,000 Water & Wastewater System Bonds, Series 2007, due in annual installments of \$310,000 to \$3,235,000 through 5/15/2032; interest at 4.0 percent to 4.5 percent	<u>32,930,000</u>
Total Business-Type Activities Revenue Bonds	<u>\$123,905,000</u>

D. Event Center Revenue Bonds

The Event Center revenue bonds are issued to provide for acquiring land for, and designing, purchasing, constructing, remodeling, rehabilitation, renovation, improving, equipping and furnishing, a municipal event center. These bonds are secured by a pledge of revenues from rentals, receipts, fees or other charges imposed from the event center. Event center revenue bonds outstanding as reported in business-type activities at June 30, 2007 were as follows.

	<u>Outstanding June 30, 2007</u>
Business-Type Activities Revenue Bonds:	
\$35,750,000 Taxable Event Center Revenue Bonds, Series 2005, due in annual installments of \$1,120,000 to \$2,735,000 through 5/15/2027; interest at 4.20 percent to 5.15 percent	<u>\$35,750,000</u>
Total Business-Type Activities Revenue Bonds	<u>\$35,750,000</u>

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – LONG-TERM LIABILITIES (Cont'd)

E. Note Payable

The City has entered into intercept agreements with the State of New Mexico Finance Authority (NMFA) for the purchase of capital equipment and facilities. Notes payable outstanding as reported in the governmental activities at June 30, 2007 were as follows.

	<u>Outstanding June 30, 2007</u>
Governmental Activities Revenue Bonds:	
\$531,000 Note Payable, Fire Equipment, due in annual installments of \$40,000 to \$61,000 through 4/1/2008; interest at 5.39 percent, paid from state fire protection grants	\$40,000
\$1,371,188 Note Payable, Golf Course Road, due in annual installments of \$41,214 to \$99,075 through 5/1/2017; interest at 2.71 percent to 4.90 percent.	511,086
\$1,047,000 Note Payable, Unser Boulevard, due in annual installments of \$325,677 to 390,903 through 3/1/2009; interest at 1.50 percent.	656,097
\$1,649,286 Note Payable, Fire Equipment, due in annual installments of \$35,000 to \$146,015 through 5/1/2022; interest at 3.32 percent to 3.91 percent	<u>1,649,286</u>
Total Notes Payable	<u><u>\$2,856,469</u></u>

F. Loan Payable

A loan was issued by the New Mexico Environment Department under the Clean Water State Revolving Loan Fund, which is also known as the Wastewater Facility Construction Loan Program. The loan proceeds were used for wastewater treatment system upgrades to increase capacity, biological nutrient removal and other approved wastewater treatment improvements. Loan payable outstanding as reported in the business-type activities at June 30, 2007 were as follows.

	<u>Outstanding June 30, 2007</u>
Business-Type Activities Loan Payable:	
\$10,486,627 Note Payable, Wastewater Facility Construction, due in annual installments of \$426,456 to \$684,336 through 12/02/2023; interest at 3.0 percent.	<u>\$8,853,894</u>
Total Loan Payable	<u><u>\$8,853,894</u></u>

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – LONG-TERM LIABILITIES (Cont'd)

G. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$16,765,000	\$	\$1,690,000	\$15,075,000	\$750,000
Revenue bonds	20,980,000		755,000	20,225,000	780,000
Notes payable	843,357	2,696,286	683,174	2,856,469	488,641
Compensated absences	1,661,471	1,973,015	1,696,796	1,937,691	1,937,691
Totals	<u>\$40,249,828</u>	<u>\$4,669,301</u>	<u>\$4,824,970</u>	<u>\$40,094,160</u>	<u>\$3,956,332</u>
Business-Type Activities:					
Revenue bonds	\$130,555,000	\$32,930,000	\$3,830,000	\$159,655,000	\$5,455,000
Loan payable	9,280,350		426,456	8,853,894	439,249
Compensated absences	70,897	80,391	69,437	81,851	81,851
Totals	<u>\$139,906,246</u>	<u>\$33,010,391</u>	<u>\$4,325,893</u>	<u>\$168,590,745</u>	<u>\$4,327,353</u>

H. Special Assessment Bonds

Special Assessment Bonds are used to construct projects within special assessment districts created by the City after property owners within these districts agree to be assessed for the costs of debt service on these bonds. Payments made by the assessed property owners within the districts are pledged to pay the debt service on the bonds. In the event of default by a property owner, the lien created by the assessment is sold at public action and the proceeds are used to offset the defaulted assessment.

As trustee for improvement districts, the City is solely responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. The City is not obligated in any manner to pay the debt service payments on the Special Assessment Bonds with any general or other funds of the City. Special assessment bonds payable at June 30, 2007 were \$9,110,412.

I. Statutory Debt Limitation

The Constitution of the State of New Mexico limits the amount of general purpose government obligation bonds that may be issued by a municipality to four percent of the taxable valuation of

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – LONG-TERM LIABILITIES (Cont'd)

property located within the City. At June 30, 2007, based on the most recent assessed taxable valuation of \$1,840,280,318 the City may issue an additional \$60,043,143 of general purpose general obligation bonds.

J. Bond Covenants

Pursuant to certain bond indenture agreements, the City is obligated to various limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverage's. The City is in compliance with all such significant limitations and restrictions.

J. Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity, which includes interest, for all bonds and loans payable as of June 30, 2007.

	Governmental Activities						
Years ended June 30,	General Obligation Bonds		Revenue Bonds		Notes Payable		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$750,000	\$617,406	\$780,000	\$917,193	\$488,641	\$109,448	\$3,662,688
2009	2,150,000	554,913	800,000	895,180	502,075	97,497	4,999,665
2010	1,300,000	484,113	825,000	871,180	183,458	75,791	3,739,542
2011	1,125,000	439,125	860,000	837,393	190,923	68,336	3,520,777
2012	1,100,000	397,938	885,000	808,374	193,974	60,453	3,445,739
2013-2017	7,100,000	1,157,494	5,045,000	3,431,669	619,859	208,818	17,562,840
2018-2022	1,550,000	68,625	6,385,000	2,089,149	677,540	85,901	10,856,215
2023-2025			4,645,000	441,531			5,086,531
Total	\$15,075,000	\$3,719,613	\$20,225,000	\$10,291,668	\$2,856,469	\$706,244	\$50,860,882

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – LONG-TERM LIABILITIES (Concl'd)

	Business-Type Activities				
Years ended June 30,	Revenue Bonds		Notes Payable		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$5,455,000	\$7,915,038	\$439,249	\$265,617	\$14,074,904
2009	5,695,000	7,353,778	452,427	252,439	13,753,644
2010	5,965,000	7,087,383	466,000	238,867	13,757,250
2011	6,265,000	6,807,114	479,979	224,887	13,776,980
2012	6,540,000	6,533,794	494,379	210,487	13,778,660
2013-2017	37,675,000	27,746,838	2,703,466	820,864	68,946,168
2018-2022	47,790,000	17,627,671	3,134,058	390,272	68,942,001
2023-2027	29,430,000	7,458,108	684,336	20,530	37,592,974
2028-2032	14,840,000	2,061,900			16,901,900
Total	\$159,655,000	\$90,591,622	\$8,853,895	\$2,423,963	\$261,524,480

NOTE 6 – OPERATING LEASES

The City has entered into noncancelable operating leases for computers and office equipment. The operating lease expenditures for the year ended June 30, 2007 were \$188,945. The minimum lease payments are as follows.

Year ending June 30:

2008	\$275,058
2009	70,568
2010	803
Total	<u>\$346,429</u>

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2007, interfund balances were as follows.

Due to/from other funds:

At June 30, 2007, Non-Major Governmental Funds had a \$2,035,743 interfund payable with the General Fund. These balances resulted from negative cash balances. All interfund balances are expected to be paid within one year.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)

Interfund transfers:

		Transfer in		
		General Fund	Non-Major Governmental Funds	Total
Transfer out	General Fund		\$12,248,354	\$12,248,354
	Non-Major			
	Governmental	162,249		162,249
	Total	<u>\$162,249</u>	<u>\$12,248,354</u>	<u>\$12,410,603</u>

Interfund transfers were made by the City during the fiscal year to meet project-matching requirements to cover expenditures in the applicable funds. The circumstances that require budget transfers are many. In some cases, the responsibility for implementing a program is changed from one department to another. Management continually strives to make the organization more efficient, and budget transfers assist in achieving efficiency.

NOTE 8 - CONTINGENT LIABILITIES

Federal and State grants and loans - The City has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2007; however, the City expects no material disallowance of expenditures.

Lawsuits - The City is a defendant in a number of lawsuits as of June 30, 2007. It is the opinion of management and City counsel that the amount of losses resulting from these litigations at June 30, 2007, would not be material to the financial position of the City.

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances - At June 30, 2007, the following individual non-major funds reported deficits in fund balance.

	Deficit
Non-Major Funds:	
Keep Rio Rancho Beautiful Grant	\$ 763
Community Response	2,156
DPS Grants	6,076
Domestic Violence Response	5,051
HUD – CDBG II	23,802
Crime Victims Assistance	632
State Appropriation Capital Projects	384,043

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concl'd)

The deficits arose because of operations during the year and prior years. Additional revenues received in fiscal year 2007-08 are expected to eliminate the deficits.

Excess Expenditures Over Appropriations – For the year ended June 30, 2007, expenditures/expenses exceeded appropriations in the following fund:

The Multi-purpose event center Fund, reported as an Enterprise Fund, is reporting excess expenditures over appropriations of \$120,842. This deficit was caused by not amending the budget to reflect the accrued interest payable.

The General obligations bond Fund, reported as a Debt Service Fund, is reporting excess expenditures over appropriations of \$251,536. This deficit was caused by not amending the budget to reflect the accrued interest payable.

The Gross receipts revenue bond Series 2003 Fund, reported as a Debt Service Fund, is reporting excess expenditures over appropriations of \$4,849. This deficit was caused by not amending the budget to reflect the accrued interest payable.

The Gross receipts revenue bond Series 2005 Fund, reported as a Debt Service Fund, is reporting excess expenditures over appropriations of \$64,023. This deficit was caused by not amending the budget to reflect the accrued interest payable.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1985, the City was unable to obtain general property, worker's compensation and liability insurance at a cost it considered to be economically justifiable. Therefore, the City joined the New Mexico Self-Insurers' Fund Risk Pool (Pool), together with other cities and towns in the State. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for member cities and towns. The City pays an annual premium to the Pool for its general insurance coverage. The agreement provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the annual aggregate per policy for general liability, property, and workers' compensation claims.

The City carries commercial insurance for all other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - RETIREMENT PLAN

Plan Description – Substantially all of the full-time employees of the City participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit public

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 11 - RETIREMENT PLAN (Concl'd)

employee retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy – Plan members are required to contribute between 2.29% and 4.07% of their gross salary, depending upon the division worked in by the employee. The City is required to contribute between 6.86% and 21.25% of the gross covered salary depending upon the division worked in by the employee. The contribution requirements of the plan members and the City are established under State statute. The City's contributions to PERA for the years ended 2007, 2006, and 2005 were \$4,605,773, \$3,997,829 and \$3,391,969, respectively, which were equal to the amount of the required contributions for each year.

NOTE 12 – FUTURE REPORTING REQUIREMENTS

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires the City to recognize the cost of these benefits in periods when the related services are received by the City. In addition, the statement also requires additional disclosures about the actuarial accrued liabilities for promised benefits associated with past services in notes to the financial statements. The City will implement GASB Statement No. 45 for fiscal year ending 2009. Management is in the process of evaluating the effect of this statement on the City's financial statements.

NOTE 13 – SUBSEQUENT EVENTS

The City will install a \$14.8 million asset for the construction of a City Hall building that was funded through revenue bonds issued in 2005.

The City will install a \$43.0 million asset for the construction of a Multi-purpose event center that was funded through taxable revenue bonds issued in 2005.

The City will install a \$10.0 million asset for the construction of an Aquatics center that was funded through a general obligation bond issued in 2006. Pulte Homes also contributed \$3.0 towards this project.

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**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

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CITY OF RIO RANCHO, NEW MEXICO
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2007

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 7,716,550	\$ 1,624,431	\$ 18,961,207	\$ 28,302,188
Property taxes receivable		130,231		130,231
Accounts receivable	183,906			183,906
Due from federal government	418,403		2,818,527	3,236,930
Due from state government	115,335	258,916	2,347,315	2,721,566
Total assets	\$ 8,434,194	\$ 2,013,578	\$ 24,127,049	\$ 34,574,821
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,367,320	\$	\$ 1,254,262	\$ 2,621,582
Accrued payroll	17,801			17,801
Accrued interest payable	12,553	324,910	7,095	344,558
Due to other funds	433,922		1,601,821	2,035,743
Deferred revenue		79,570		79,570
Total liabilities	1,831,596	404,480	2,863,178	5,099,254
Fund balances:				
Unreserved:				
Undesignated	6,602,598	1,609,098	21,263,871	29,475,567
Total fund balances	6,602,598	1,609,098	21,263,871	29,475,567
Total liabilities and fund balances	\$ 8,434,194	\$ 2,013,578	\$ 24,127,049	\$ 34,574,821

CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Property taxes	\$	\$ 2,259,624	\$
Municipal and state shared taxes	1,602,789	1,654,978	510,692
Intergovernmental	3,722,317		9,205,397
Impact fees			3,346,000
Charges for services	548,906		
Fines and forfeits	89,692		
Franchise fees	152,658		
Contributions and donations	132,414		1,575,039
Investment income	328,310	110,680	1,044,742
Other revenues	4,914		699,187
Total revenues	<u>6,582,000</u>	<u>4,025,282</u>	<u>16,381,057</u>
Expenditures:			
Current -			
General government	6,825		3,023,679
Public safety	1,424,580		
Public works	2,582,936		518,739
Culture and recreation	1,470,668		6,670
Economic development	661,197		
Capital outlay	7,032,405		19,997,195
Debt service -			
Principal	133,818	2,445,000	549,356
Interest and fiscal charges	20,345	1,856,397	82,031
Total expenditures	<u>13,332,774</u>	<u>4,301,397</u>	<u>24,177,670</u>
Excess (deficiency) of revenues over expenditures	<u>(6,750,774)</u>	<u>(276,115)</u>	<u>(7,796,613)</u>
Other financing sources (uses):			
Loan proceeds	1,649,286		1,047,000
Transfers in	6,074,402		6,173,952
Transfers out	(20,164)		(142,085)
Total other financing sources (uses)	<u>7,703,524</u>	<u></u>	<u>7,078,867</u>
Change in fund balances	<u>952,750</u>	<u>(276,115)</u>	<u>(717,746)</u>
Fund balances, beginning of year	5,649,848	1,885,213	21,981,617
Fund balances, end of year	<u>\$ 6,602,598</u>	<u>\$ 1,609,098</u>	<u>\$ 21,263,871</u>

Total
Non-Major
Governmental
Funds

\$	2,259,624
	3,768,459
	12,927,714
	3,346,000
	548,906
	89,692
	152,658
	1,707,453
	1,483,732
	704,101
	<u>26,988,339</u>

3,030,504
1,424,580
3,101,675
1,477,338
661,197
27,029,600

3,128,174
1,958,773
<u>41,811,841</u>

(14,823,502)

2,696,286
12,248,354
(162,249)
<u>14,782,391</u>

(41,111)

29,516,678

\$	<u>29,475,567</u>
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NON-MAJOR GOVERNMENTAL FUNDS

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Donations Fund - To account for funds donated to the City of Rio Rancho. Expenditures from this fund will be used for the purposes specified by the donor. (Provided for by City Budget Resolution.)

Recreation Activities and Vending Fund – To account for revenues received for recreation fees and vending machines placed in City facilities. Expenditures may be used for programs and activities, such as, classes and softball programs and various community projects. (Provided for by City Budget Resolution.)

Recreation Fund – To account for revenues collected from taxes on cigarettes sold within City boundaries pursuant to the Cigarette Tax Act, NMSA 7-12-1 and 7-12-15. Expenditures from this fund may be used for recreational facilities and salaries of employees necessary for the operation of such facilities.

Keep Rio Rancho Beautiful Grant Fund – To account for New Mexico Clean & Beautiful Litter Control & Beautification grant funds. Expenditures may be used for equipment, landscaping, program promotion, recycling, education, and anti-graffiti programs. (Pursuant to NMSA, Section 62-16-1 to 67-16-14.)

Community Response Program – To account for Community Emergency Response Team federal grant funds. Expenditures from this fund may be used to find, train, equip and maintain citizen volunteer teams to respond to and support emergency operations. (Pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended 42 U.S.C. 5121 et seq.)

Senior Services – To account for funds donated to the City of Rio Rancho. Expenditures from this fund will be used for the purpose specified by the donor. (Provided for by City Budget Resolution.)

Library Fund – To account for grants, gifts, donations, devises or bequests made to the City, pursuant to NMSA 3-18-4, for the purpose of establishing, increasing or improving the library.

Promotion and Marketing Fund – To account for promotional activities. Expenditures from this fund may be used for special events; promoting convention, exposition or entertainment facilities; or advertising and marketing facilities. (Provided for by City Budget Resolution.)

Rio Rancho Convention & Visitors Bureau – To account for revenues collected from occupancy taxes (3%) levied within City boundaries pursuant to NMSA 3-38-15. Expenditures from this fund may be used for acquiring, constructing, improving, establishing, and operating convention, exposition or entertainment facilities; acquiring or obtaining an interest in such facilities; or advertising, publicizing, and promoting such facilities.

Rio Vision Cable - To account for cable franchise fees (2%) received to operate and promote a public access television channel. (Provided for by City Budget Resolution.)

NON-MAJOR GOVENMENTAL FUNDS

SPECIAL REVENUE FUNDS (Cont'd)

Local Government Corrections – To account for revenues collected from the assessment for correction fees and court costs, pursuant to NMSA 35-14-11. Expenditures from this fund may be used for municipal jailer or juvenile detention officer training; for planning, construction, operating and maintaining a municipal jail for juveniles in a detention facility; or for complying with match or contribution requirements for the receipt of Federal funds relating to jailing or juvenile detention facilities.

Law Enforcement Fund – To account for State revenues received pursuant to the Law Enforcement Corrections Act, NMSA 29-13-3. Expenditures from this fund may be used for the repair and purchase of law enforcement apparatus and equipment, expenditures associated with advanced law enforcement planning and training, and complying with match or contribution requirements for receipt of Federal funds, and salaries for law enforcement personnel under certain conditions.

DPS Enforcement Aid Fund – To account for revenue generated from asset forfeitures obtained through narcotics investigations. These revenues can be utilized for officer overtime, police equipment, undercover vehicles, purchase of evidence, training and other narcotic investigation related expenses. (Pursuant to the Attorney General's Guidelines on Seized and Forfeited Property, July 1990.)

Traffic Education and Enforcement Aid Fund – To account for revenues received from the New Mexico Traffic Bureau for DWI checkpoint enforcement and safety belt enforcement. (Pursuant to NMSA 66-7-501 to 511)

Fire Protection Fund – To account for State revenues received pursuant to the Fire Protection Fund Law, NMSA 59A-53-1. Expenditures from this fund may be used for the purchase, construction, operating, and maintenance of fire stations, except for the station's water supply system; fire apparatus and equipment; the payment of insurance premiums on the above; and for insurance premiums for injuries or death of firefighters.

Emergency Medical Services (EMS) Fund – To account for State revenues received to the Emergency Medical Services Fund Act, 59A-53-1. Expenditures from this fund may be used for the establishment of emergency medical services; to acquire emergency medical services vehicles, equipment and supplies; and for training and licensing of local emergency management services personnel.

DPS Grants Fund – To account for the following Federal and State grants: Operation DWI, Operation Buckle Down, Community DWI, Selective Traffic Enforcement Project (STEP), and NM Gang Task Force (NMGTTF). (Pursuant to Traffic Safety Act, NMSA 1978 sections 66-7-501 to 511, as amended and the Anti-Drug Abuse Act 1998, PL 100-690, Title VI, Subtitle C.)

Environmental Gross Receipts Tax Fund – To account for municipal gross receipts tax revenues received to be used for the acquisition, construction, operation, and maintenance of solid waste facilities, water facilities, sewer systems, and related facilities. (Pursuant to NMSA, 1978 section 7-20E-17.)

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Concl'd)

Municipal Road Fund – To account for revenues received from the levy of a tax per gallon of gasoline purchased within City boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-1-6.9. Expenditures from this fund may be used for the construction of a street, ally, curb, gutter or sidewalk projects.

Recreation Development Fund – To account for revenues received for the construction of park facilities. This fund is also used to account for transfers from the General Fund, grants and donations for the development and construction of park facilities. (Provided for by City Budget Resolution.)

Equipment Replacement Fund – To account for funds transferred from the General Fund, recognizing the depreciation of assets and to provide a recurring source of funds for vehicles. (Provided for by City Budget Resolution.)

Domestic Violence Response Fund – To account for federal funds used to encourage arrest policies and enforcement of protection orders. (Pursuant to 42 U.S.C. 3796hh-4)

HUD – CDBG Fund II – To account for CDBG grant funds received to prepare an action plan to address issues of low to moderate-income residents. (Title I, Housing & Comm. Dev. Act, PL 92-383.)

Crime Victims Assistance – To account for Federal funds used towards the advocacy for victims of all crimes. (Pursuant to the Victims of Crime Act of 1984.)

DEBT SERVICE FUNDS:

General Obligation Bonds – To account for the debt service of the Parks and Recreation Bonds, Series 1992 and the Public Safety and Improvement Bonds, Series 1997.

Gross Receipts Tax Revenue Bonds Series 2003 – To account for the debt service of the New Mexico Gross Tax Revenue Bonds, Series 2003.

Gross Receipts Tax Revenue Bonds Series 2005 – To account for the debt service of the New Mexico Gross Tax Revenue Bonds, Series 2005.

CAPITAL PROJECT FUNDS:

Capital Projects Fund – To account for City facility construction and building improvements from General Fund transfers and intergovernmental grants.

Infrastructure Fund – To account for capital (primarily infrastructure) acquisition, construction and repair from General Fund transfers and intergovernmental grants.

Building Improvement Fund – To account for funds transferred from the General Fund. Expenditures are used for maintenance, repair or replacement of municipal buildings.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS (Concl'd)

State Appropriation Fund – To account for state appropriation capital expenditures approved by the State of New Mexico.

Bond Construction 2004 – To account for proceeds received for construction of Loma Colorado site Library.

Bond Construction 2005 – To account for proceeds to be used for the construction of City Hall, City Maintenance Yard, and other City infrastructure needs.

Bond Construction 2006 – To account for proceeds received for construction of an Aquatic Center.

Road Impact Fees Fund – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing new or enlarged roads, equipment and capital improvements which substantially benefit those developments which pay the impact fees.

Trails Impact Fees – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing new or enlarged bikeways, capital improvements, trails, and equipment which substantially benefit those developments which pay the impact fees.

Parks Impact Fees – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing new or enlarged parks, equipment and capital improvements, which substantially benefit those developments which pay the impact fees.

Public Safety Impact Fees – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing public safety capital improvements and equipment which substantially benefit those developments which pay the impact fees.

Drainage Impact Fees – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing a conveyance system adequate to accommodate the design storm from the farthest upstream property or City boundary to the receiving waters of the Rio Grande river.

Solid Waste Disposal - Indigent – To account for contributions and donations to indigent individuals utilizing the City's solid waste program.

CITY OF RIO RANCHO, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	Donations	Recreation Activities and Vending	Recreation	Keep Rio Rancho Beautiful Grant
<u>ASSETS</u>				
Cash and investments	\$ 48,128	\$ 113,943	\$ 5,412	\$
Accounts receivable				
Due from federal government				
Due from state government			1,644	16,620
Total assets	<u>\$ 48,128</u>	<u>\$ 113,943</u>	<u>\$ 7,056</u>	<u>\$ 16,620</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 2,477	\$ 27,823	\$	\$ 453
Accrued payroll		793		763
Accrued interest payable				
Due to other funds				16,167
Total liabilities	<u>2,477</u>	<u>28,616</u>		<u>17,383</u>
Fund balances (deficits):				
Unreserved:				
Undesignated	45,651	85,327	7,056	(763)
Total fund balances	<u>45,651</u>	<u>85,327</u>	<u>7,056</u>	<u>(763)</u>
Total liabilities and fund balances	<u>\$ 48,128</u>	<u>\$ 113,943</u>	<u>\$ 7,056</u>	<u>\$ 16,620</u>

Community Response Program	Senior Services	Library	Promotion and Marketing	Rio Rancho Convention & Visitors Bureau	Rio Vision Cable
\$	\$ 24,294	\$ 430,086	\$ 69,122	\$ 100,934	\$ 189,523 31,785
2,839	2,167	1,044			
<u>\$ 2,839</u>	<u>\$ 26,461</u>	<u>\$ 431,130</u>	<u>\$ 69,122</u>	<u>\$ 100,934</u>	<u>\$ 221,308</u>
\$ 656 271	\$ 16,171	\$ 29,129	\$ 4,876 995	\$ 1,532 3,292	\$ 7,479
4,068					
<u>4,995</u>	<u>16,171</u>	<u>29,129</u>	<u>5,871</u>	<u>4,824</u>	<u>7,479</u>
(2,156)	10,290	402,001	63,251	96,110	213,829
<u>(2,156)</u>	<u>10,290</u>	<u>402,001</u>	<u>63,251</u>	<u>96,110</u>	<u>213,829</u>
<u>\$ 2,839</u>	<u>\$ 26,461</u>	<u>\$ 431,130</u>	<u>\$ 69,122</u>	<u>\$ 100,934</u>	<u>\$ 221,308</u>

(Continued)

CITY OF RIO RANCHO, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007
(Continued)

	Local Government Corrections	Law Enforcement	DPS Enforcement Aid	Traffic Education and Enforcement Aid
<u>ASSETS</u>				
Cash and investments	\$ 66,451	\$ 20,188	\$ 95,328	\$ 109,791
Accounts receivable				
Due from federal government				
Due from state government				
Total assets	<u>\$ 66,451</u>	<u>\$ 20,188</u>	<u>\$ 95,328</u>	<u>\$ 109,791</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 19,264	\$ 785	\$ 2,741	\$ 11,788
Accrued payroll				197
Accrued interest payable				
Due to other funds				
Total liabilities	<u>19,264</u>	<u>785</u>	<u>2,741</u>	<u>11,985</u>
Fund balances (deficits):				
Unreserved:				
Undesignated	47,187	19,403	92,587	97,806
Total fund balances	<u>47,187</u>	<u>19,403</u>	<u>92,587</u>	<u>97,806</u>
Total liabilities and fund balances	<u>\$ 66,451</u>	<u>\$ 20,188</u>	<u>\$ 95,328</u>	<u>\$ 109,791</u>

<u>Fire Protection</u>	<u>Emergency Medical Services</u>	<u>DPS Grants</u>	<u>Environmental Gross Receipts Tax</u>	<u>Municipal Road</u>	<u>Recreation Development</u>
\$ 798,400 152,121	\$ 14,311	\$	\$ 1,484,051	\$ 1,714,616	\$ 1,141,000
		385,205			
		2,325		59,549	31,986
<u>\$ 950,521</u>	<u>\$ 14,311</u>	<u>\$ 387,530</u>	<u>\$ 1,484,051</u>	<u>\$ 1,774,165</u>	<u>\$ 1,172,986</u>
\$ 208	\$ 9,541	\$ 2,694	\$ 23,992	\$ 1,131,300	\$ 32,247
12,553		7,584			
		383,328			
<u>12,761</u>	<u>9,541</u>	<u>393,606</u>	<u>23,992</u>	<u>1,131,300</u>	<u>32,247</u>
937,760	4,770	(6,076)	1,460,059	642,865	1,140,739
<u>937,760</u>	<u>4,770</u>	<u>(6,076)</u>	<u>1,460,059</u>	<u>642,865</u>	<u>1,140,739</u>
<u>\$ 950,521</u>	<u>\$ 14,311</u>	<u>\$ 387,530</u>	<u>\$ 1,484,051</u>	<u>\$ 1,774,165</u>	<u>\$ 1,172,986</u>

(Continued)

CITY OF RIO RANCHO, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007
(Concluded)

	Equipment Replacement	Domestic Violence Response	HUD - CDBG II	Crime Victims Assistance
<u>ASSETS</u>				
Cash and investments	\$ 1,290,971	\$	\$ 1	\$
Accounts receivable				
Due from federal government		23,515		6,844
Due from state government				
Total assets	<u>\$ 1,290,971</u>	<u>\$ 23,515</u>	<u>\$ 1</u>	<u>\$ 6,844</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 16,584	\$ 2,997	\$ 22,583	\$
Accrued payroll		2,054	1,220	632
Accrued interest payable				
Due to other funds		23,515		6,844
Total liabilities	<u>16,584</u>	<u>28,566</u>	<u>23,803</u>	<u>7,476</u>
Fund balances (deficits):				
Unreserved:				
Undesignated	1,274,387	(5,051)	(23,802)	(632)
Total fund balances	<u>1,274,387</u>	<u>(5,051)</u>	<u>(23,802)</u>	<u>(632)</u>
Total liabilities and fund balances	<u>\$ 1,290,971</u>	<u>\$ 23,515</u>	<u>\$ 1</u>	<u>\$ 6,844</u>

Totals

\$	7,716,550
	183,906
	418,403
	115,335
\$	<u>8,434,194</u>

\$	1,367,320
	17,801
	12,553
	<u>433,922</u>
	<u>1,831,596</u>

<u>6,602,598</u>
<u>6,602,598</u>

\$	<u>8,434,194</u>
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CITY OF RIO RANCHO, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2007

	General Obligation Bonds	Gross Receipts Tax Revenue Bonds Series 2003	Gross Receipts Tax Revenue Bonds Series 2005	Totals
<u>ASSETS</u>				
Cash and investments	\$ 1,456,269	\$ 126,704	\$ 41,458	\$ 1,624,431
Property taxes receivable	130,231			130,231
Due from state government		88,333	170,583	258,916
Total assets	<u>\$ 1,586,500</u>	<u>\$ 215,037</u>	<u>\$ 212,041</u>	<u>\$ 2,013,578</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accrued interest payable	\$ 252,037	\$ 6,850	\$ 66,023	\$ 324,910
Deferred revenue	79,570			79,570
Total liabilities	<u>331,607</u>	<u>6,850</u>	<u>66,023</u>	<u>404,480</u>
Fund balances:				
Unreserved:				
Undesignated	1,254,893	208,187	146,018	1,609,098
Total fund balances	<u>1,254,893</u>	<u>208,187</u>	<u>146,018</u>	<u>1,609,098</u>
Total liabilities and fund balances	<u>\$ 1,586,500</u>	<u>\$ 215,037</u>	<u>\$ 212,041</u>	<u>\$ 2,013,578</u>

CITY OF RIO RANCHO, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007

	Capital Projects	Infrastructure	Building Improvement	State Appropriation Capital Projects
<u>ASSETS</u>				
Cash and investments	\$ 1,080,353	\$ 2,501,914	\$ 2,500,020	\$
Due from federal government		2,818,527		
Due from state government		1,122,630		1,224,685
Total assets	\$ 1,080,353	\$ 6,443,071	\$ 2,500,020	\$ 1,224,685
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 11,119	\$ 406,751	\$ 14,000	\$ 6,907
Accrued interest payable		3,286		
Due to other funds				1,601,821
Total liabilities	11,119	410,037	14,000	1,608,728
Fund balances (deficits):				
Unreserved:				
Undesignated	1,069,234	6,033,034	2,486,020	(384,043)
Total fund balances	1,069,234	6,033,034	2,486,020	(384,043)
Total liabilities and fund balances	\$ 1,080,353	\$ 6,443,071	\$ 2,500,020	\$ 1,224,685

Bond Construction 2004 Library	Bond Construction 2006 Aquatics	Road Impact Fees	Trail Impact Fees	Park Impact Fees	Public Safety Impact Fees
\$ 51,839	\$ 8,292,749	\$ 1,012,129	\$ 98,798	\$ 1,097,157	\$ 1,617,845
<u>\$ 51,839</u>	<u>\$ 8,292,749</u>	<u>\$ 1,012,129</u>	<u>\$ 98,798</u>	<u>\$ 1,097,157</u>	<u>\$ 1,617,845</u>
\$	\$ 712,858	\$ 5,905 3,809	\$	\$ 53,235	\$ 43,487
	<u>712,858</u>	<u>9,714</u>		<u>53,235</u>	<u>43,487</u>
<u>51,839</u>	<u>7,579,891</u>	<u>1,002,415</u>	<u>98,798</u>	<u>1,043,922</u>	<u>1,574,358</u>
<u>51,839</u>	<u>7,579,891</u>	<u>1,002,415</u>	<u>98,798</u>	<u>1,043,922</u>	<u>1,574,358</u>
<u>\$ 51,839</u>	<u>\$ 8,292,749</u>	<u>\$ 1,012,129</u>	<u>\$ 98,798</u>	<u>\$ 1,097,157</u>	<u>\$ 1,617,845</u>

(Continued)

CITY OF RIO RANCHO, NEW MEXICO
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007
(Concluded)

	Drainage Impact Fees	Solid Waste Disposal-Indigent	Totals
<u>ASSETS</u>			
Cash and investments	\$ 690,759	\$ 17,644	\$ 18,961,207
Due from federal government			2,818,527
Due from state government			2,347,315
Total assets	<u>\$ 690,759</u>	<u>\$ 17,644</u>	<u>\$ 24,127,049</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 1,254,262
Accrued interest payable			7,095
Due to other funds			1,601,821
Total liabilities			<u>2,863,178</u>
Fund balances (deficits):			
Unreserved:			
Undesignated	690,759	17,644	21,263,871
Total fund balances	<u>690,759</u>	<u>17,644</u>	<u>21,263,871</u>
Total liabilities and fund balances	<u>\$ 690,759</u>	<u>\$ 17,644</u>	<u>\$ 24,127,049</u>

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CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007

	Donations	Recreation Activities and Vending	Recreation
Revenues:			
Municipal and state shared taxes	\$	\$	\$ 19,996
Intergovernmental			
Charges for services	28,062	261,127	
Fines and forfeits	3,306		
Franchise fees			
Contributions and donations	4,243		
Investment income	2,811	3,275	1,258
Other revenues			
Total revenues	<u>38,422</u>	<u>264,402</u>	<u>21,254</u>
Expenditures:			
Current -			
General government			
Public safety	23,234		
Public works			
Culture and recreation	24,580	254,343	10,845
Economic development			
Capital outlay	5,763	20,751	44,104
Debt service -			
Principal			
Interest and fiscal charges			
Total expenditures	<u>53,577</u>	<u>275,094</u>	<u>54,949</u>
Excess (deficiency) of revenues over expenditures	<u>(15,155)</u>	<u>(10,692)</u>	<u>(33,695)</u>
Other financing sources (uses):			
Loan proceeds			
Transfers in		10,000	
Transfers out			
Total other financing sources (uses)		<u>10,000</u>	
Change in fund balances	<u>(15,155)</u>	<u>(692)</u>	<u>(33,695)</u>
Fund balances (deficits), beginning of year	60,806	86,019	40,751
Fund balances (deficits), end of year	<u>\$ 45,651</u>	<u>\$ 85,327</u>	<u>\$ 7,056</u>

Keep Rio Rancho Beautiful Grant	Community Response Program	Senior Services	Library	Promotion and Marketing	Rio Rancho Convention & Visitors Bureau
\$ 52,511	\$ 9,247	\$ 397,083 15,561	\$ 136,138	\$ 43,354	\$ 344,586 31,000
		1,589	114,450		1,485
		1,342	39,367		3,874
<u>52,511</u>	<u>9,247</u>	<u>415,575</u>	<u>289,955</u>	<u>43,354</u>	<u>380,945</u>
	11,396				
52,118		60,752	918,342		
		288,674	169,889	281,147	380,050
<u>52,118</u>	<u>11,396</u>	<u>349,426</u>	<u>1,088,231</u>	<u>281,147</u>	<u>380,050</u>
<u>393</u>	<u>(2,149)</u>	<u>66,149</u>	<u>(798,276)</u>	<u>(237,793)</u>	<u>895</u>
				301,044	16,313
		(20,164)			
		(20,164)		301,044	16,313
<u>393</u>	<u>(2,149)</u>	<u>45,985</u>	<u>(798,276)</u>	<u>63,251</u>	<u>17,208</u>
(1,156)	(7)	(35,695)	1,200,277		78,902
<u>\$ (763)</u>	<u>\$ (2,156)</u>	<u>\$ 10,290</u>	<u>\$ 402,001</u>	<u>\$ 63,251</u>	<u>\$ 96,110</u>

(Continued)

CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007
(Continued)

	Rio Vision Cable	Local Government Corrections	Law Enforcement
Revenues:			
Municipal and state shared taxes	\$	\$	\$
Intergovernmental			93,600
Charges for services		200,802	
Fines and forfeits			
Franchise fees	122,658		
Contributions and donations			
Investment income	11,421	2,831	2,613
Other revenues			
Total revenues	<u>134,079</u>	<u>203,633</u>	<u>96,213</u>
Expenditures:			
Current -			
General government			
Public safety		197,299	102,675
Public works			
Culture and recreation	117,936		
Economic development			
Capital outlay	84,994		
Debt service -			
Principal			
Interest and fiscal charges			
Total expenditures	<u>202,930</u>	<u>197,299</u>	<u>102,675</u>
Excess (deficiency) of revenues over expenditures	<u>(68,851)</u>	<u>6,334</u>	<u>(6,462)</u>
Other financing sources (uses):			
Loan proceeds			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u></u>	<u></u>	<u></u>
Change in fund balances	<u>(68,851)</u>	<u>6,334</u>	<u>(6,462)</u>
Fund balances (deficits), beginning of year	282,680	40,853	25,865
Fund balances (deficits), end of year	<u>\$ 213,829</u>	<u>\$ 47,187</u>	<u>\$ 19,403</u>

<u>DPS Enforcement Aid</u>	<u>Traffic Education and Enforcement Aid</u>	<u>Fire Protection</u>	<u>Emergency Medical Services</u>	<u>DPS Grants</u>	<u>Environmental Gross Receipts Tax</u>
\$ 81,791	\$	\$ 280,031	\$ 19,480	\$ 924,861	\$ 674,416
	86,386				
1,275		500			8,872
2,155	4,372	22,546	476		61,118
1,794		3,120			
<u>87,015</u>	<u>90,758</u>	<u>306,197</u>	<u>19,956</u>	<u>924,861</u>	<u>744,406</u>
35,014	45,445	39,944	6,678	893,839	98,996
7,200	63,339	927,274	9,302	431	311,638
		61,000			
		19,027			
<u>42,214</u>	<u>108,784</u>	<u>1,047,245</u>	<u>15,980</u>	<u>894,270</u>	<u>410,634</u>
<u>44,801</u>	<u>(18,026)</u>	<u>(741,048)</u>	<u>3,976</u>	<u>30,591</u>	<u>333,772</u>
		1,649,286			
		<u>1,649,286</u>			
<u>44,801</u>	<u>(18,026)</u>	<u>908,238</u>	<u>3,976</u>	<u>30,591</u>	<u>333,772</u>
47,786	115,832	29,522	794	(36,667)	1,126,287
<u>\$ 92,587</u>	<u>\$ 97,806</u>	<u>\$ 937,760</u>	<u>\$ 4,770</u>	<u>\$ (6,076)</u>	<u>\$ 1,460,059</u>

(Continued)

CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007
(Concluded)

	Municipal Road	Recreation Development	Equipment Replacement
Revenues:			
Municipal and state shared taxes	\$ 563,791	\$	\$
Intergovernmental	541,422	728,950	
Charges for services			
Fines and forfeits			
Franchise fees	30,000		
Contributions and donations			
Investment income	82,835	20,245	65,771
Other revenues			
Total revenues	<u>1,218,048</u>	<u>749,195</u>	<u>65,771</u>
Expenditures:			
Current -			
General government			6,825
Public safety			
Public works	2,137,971		10,414
Culture and recreation		31,752	
Economic development			
Capital outlay	1,864,691	1,839,395	1,356,772
Debt service -			
Principal	72,818		
Interest and fiscal charges	1,318		
Total expenditures	<u>4,076,798</u>	<u>1,871,147</u>	<u>1,374,011</u>
Excess (deficiency) of revenues over expenditures	<u>(2,858,750)</u>	<u>(1,121,952)</u>	<u>(1,308,240)</u>
Other financing sources (uses):			
Loan proceeds			
Transfers in	2,428,966	1,309,083	2,007,804
Transfers out			
Total other financing sources (uses)	<u>2,428,966</u>	<u>1,309,083</u>	<u>2,007,804</u>
Change in fund balances	<u>(429,784)</u>	<u>187,131</u>	<u>699,564</u>
Fund balances (deficits), beginning of year	1,072,649	953,608	574,823
Fund balances (deficits), end of year	<u>\$ 642,865</u>	<u>\$ 1,140,739</u>	<u>\$ 1,274,387</u>

Domestic Violence Response	HUD - CDBG II	Crime Victims Assistance	Totals
\$ 31,763	\$ 363,397	\$ 31,043	\$ 1,602,789
			3,722,317
			548,906
			89,692
			152,658
			132,414
			328,310
			4,914
<u>31,763</u>	<u>363,397</u>	<u>31,043</u>	<u>6,582,000</u>
			6,825
36,814		32,242	1,424,580
	335,555		2,582,936
			1,470,668
			661,197
	38,188		7,032,405
			133,818
			20,345
<u>36,814</u>	<u>373,743</u>	<u>32,242</u>	<u>13,332,774</u>
<u>(5,051)</u>	<u>(10,346)</u>	<u>(1,199)</u>	<u>(6,750,774)</u>
			1,649,286
		1,192	6,074,402
			(20,164)
		<u>1,192</u>	<u>7,703,524</u>
<u>(5,051)</u>	<u>(10,346)</u>	<u>(7)</u>	<u>952,750</u>
	(13,456)	(625)	5,649,848
<u>\$ (5,051)</u>	<u>\$ (23,802)</u>	<u>\$ (632)</u>	<u>\$ 6,602,598</u>

CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2007

	General Obligation Bonds	Gross Receipts Tax Revenue Bonds Series 2003	Gross Receipts Tax Revenue Bonds Series 2005
Revenues:			
Property taxes	\$ 2,259,624	\$	\$
Municipal and state shared taxes		613,333	1,041,645
Investment income	60,843	15,855	33,982
Total revenues	<u>2,320,467</u>	<u>629,188</u>	<u>1,075,627</u>
Expenditures:			
Debt service -			
Principal	1,690,000	545,000	210,000
Interest and fiscal charges	845,044	108,056	903,297
Total expenditures	<u>2,535,044</u>	<u>653,056</u>	<u>1,113,297</u>
Change in fund balances	<u>(214,577)</u>	<u>(23,868)</u>	<u>(37,670)</u>
Fund balances, beginning of year	1,469,470	232,055	183,688
Fund balances, end of year	<u>\$ 1,254,893</u>	<u>\$ 208,187</u>	<u>\$ 146,018</u>

Totals

\$	2,259,624
	1,654,978
	<u>110,680</u>
	<u>4,025,282</u>

2,445,000

1,856,397

4,301,397

(276,115)

1,885,213

\$	<u><u>1,609,098</u></u>
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CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Capital Projects</u>	<u>Infrastructure</u>	<u>Building Improvement</u>
Revenues:			
Municipal and state shared taxes	\$	\$ 510,692	\$
Intergovernmental		6,276,604	
Impact fees			
Contributions and donations		65,039	
Investment income	22,022	79,776	243,365
Other revenues			699,187
Total revenues	<u>22,022</u>	<u>6,932,111</u>	<u>942,552</u>
Expenditures:			
Current -			
General government			2,915,679
Public works		93,412	325,327
Culture and recreation			
Capital outlay	54,743	6,900,374	2,096,656
Debt service -			
Principal		390,903	
Interest and fiscal charges		47,445	
Total expenditures	<u>54,743</u>	<u>7,432,134</u>	<u>5,337,662</u>
Excess (deficiency) of revenues over expenditures	<u>(32,721)</u>	<u>(500,023)</u>	<u>(4,395,110)</u>
Other financing sources (uses):			
Loan proceeds		1,047,000	
Transfers in	968,398	3,805,554	1,400,000
Transfers out			
Total other financing sources (uses)	<u>968,398</u>	<u>4,852,554</u>	<u>1,400,000</u>
Change in fund balances	<u>935,677</u>	<u>4,352,531</u>	<u>(2,995,110)</u>
Fund balances (deficits), beginning of year	133,557	1,680,503	5,481,130
Fund balances (deficits), end of year	<u>\$ 1,069,234</u>	<u>\$ 6,033,034</u>	<u>\$ 2,486,020</u>

<u>State Appropriation Capital Projects</u>	<u>Bond Construction 2004 Library</u>	<u>Bond Construction 2006 Aquatics</u>	<u>Road Impact Fees</u>	<u>Trail Impact Fees</u>	<u>Park Impact Fees</u>
\$ 2,928,793	\$	\$	\$	\$	\$
			1,684,723	24,465	550,486
		1,500,000			
	37,020	413,424	71,919	6,067	78,245
<u>2,928,793</u>	<u>37,020</u>	<u>1,913,424</u>	<u>1,756,642</u>	<u>30,532</u>	<u>628,731</u>
100,000					
			100,000		
					6,670
2,172,462	2,358,854	3,025,450	1,975,291	42,192	1,046,662
			158,453		
			34,586		
<u>2,272,462</u>	<u>2,358,854</u>	<u>3,025,450</u>	<u>2,268,330</u>	<u>42,192</u>	<u>1,053,332</u>
<u>656,331</u>	<u>(2,321,834)</u>	<u>(1,112,026)</u>	<u>(511,688)</u>	<u>(11,660)</u>	<u>(424,601)</u>
			(53,550)	(1,200)	(31,740)
			(53,550)	(1,200)	(31,740)
<u>656,331</u>	<u>(2,321,834)</u>	<u>(1,112,026)</u>	<u>(565,238)</u>	<u>(12,860)</u>	<u>(456,341)</u>
(1,040,374)	2,373,673	8,691,917	1,567,653	111,658	1,500,263
<u>\$ (384,043)</u>	<u>\$ 51,839</u>	<u>\$ 7,579,891</u>	<u>\$ 1,002,415</u>	<u>\$ 98,798</u>	<u>\$ 1,043,922</u>

(Continued)

CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2007
(Concluded)

	<u>Public Safety Impact Fees</u>	<u>Drainage Impact Fees</u>	<u>Solid Waste Disposal-Indigent</u>
Revenues:			
Municipal and state shared taxes	\$	\$	\$
Intergovernmental			
Impact fees	402,397	683,929	
Contributions and donations			10,000
Investment income	81,116	11,145	643
Other revenues			
Total revenues	<u>483,513</u>	<u>695,074</u>	<u>10,643</u>
Expenditures:			
Current -			
General government			8,000
Public works			
Culture and recreation			
Capital outlay	324,511		
Debt service -			
Principal			
Interest and fiscal charges			
Total expenditures	<u>324,511</u>	<u></u>	<u>8,000</u>
Excess (deficiency) of revenues over expenditures	<u>159,002</u>	<u>695,074</u>	<u>2,643</u>
Other financing sources (uses):			
Loan proceeds			
Transfers in			
Transfers out	(8,310)	(47,285)	
Total other financing sources (uses)	<u>(8,310)</u>	<u>(47,285)</u>	<u></u>
Change in fund balances	<u>150,692</u>	<u>647,789</u>	<u>2,643</u>
Fund balances (deficits), beginning of year	1,423,666	42,970	15,001
Fund balances (deficits), end of year	<u>\$ 1,574,358</u>	<u>\$ 690,759</u>	<u>\$ 17,644</u>

Totals

\$ 510,692
9,205,397
3,346,000
1,575,039
1,044,742
699,187
16,381,057

3,023,679
518,739
6,670
19,997,195

549,356
82,031
24,177,670

(7,796,613)

1,047,000
6,173,952
(142,085)
7,078,867

(717,746)

21,981,617

\$ 21,263,871

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**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL**

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CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DONATIONS
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$	\$ 26,400	\$ 28,062	\$ 1,662
Fines and forfeits		800	3,306	2,506
Contributions and donations	10,350	10,986	4,243	(6,743)
Investment income	350	1,150	2,811	1,661
Total revenues	<u>10,700</u>	<u>39,336</u>	<u>38,422</u>	<u>(914)</u>
Expenditures:				
Current -				
Public safety	14,580	42,666	23,234	19,432
Culture and recreation	28,815	29,315	24,580	4,735
Capital outlay		14,668	5,763	8,905
Total expenditures	<u>43,395</u>	<u>86,649</u>	<u>53,577</u>	<u>33,072</u>
Change in fund balances	<u>(32,695)</u>	<u>(47,313)</u>	<u>(15,155)</u>	<u>32,158</u>
Fund balances, July 1, 2006	45,940	60,608	60,806	198
Fund balances, June 30, 2007	<u>\$ 13,245</u>	<u>\$ 13,295</u>	<u>\$ 45,651</u>	<u>\$ 32,356</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RECREATION ACTIVITIES AND VENDING
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 379,922	\$ 386,922	\$ 261,127	\$ (125,795)
Investment income	1,150	1,400	3,275	1,875
Total revenues	<u>381,072</u>	<u>388,322</u>	<u>264,402</u>	<u>(123,920)</u>
Expenditures:				
Current -				
Culture and recreation	348,018	407,589	254,343	153,246
Capital outlay	21,789	20,751	20,751	
Total expenditures	<u>369,807</u>	<u>428,340</u>	<u>275,094</u>	<u>153,246</u>
Excess (deficiency) of revenues over expenditures	<u>11,265</u>	<u>(40,018)</u>	<u>(10,692)</u>	<u>29,326</u>
Other financing sources (uses):				
Transfers in	10,000	10,000	10,000	
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	
Change in fund balances	<u>21,265</u>	<u>(30,018)</u>	<u>(692)</u>	<u>29,326</u>
Fund balances, July 1, 2006	44,773	105,599	86,019	(19,580)
Fund balances, June 30, 2007	<u>\$ 66,038</u>	<u>\$ 75,581</u>	<u>\$ 85,327</u>	<u>\$ 9,746</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RECREATION
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal and state shared taxes	\$ 16,150	\$ 16,150	\$ 19,996	\$ 3,846
Investment income	890	890	1,258	368
Total revenues	<u>17,040</u>	<u>17,040</u>	<u>21,254</u>	<u>4,214</u>
Expenditures:				
Current -				
Culture and recreation		10,845	10,845	
Capital outlay	18,204	45,004	44,104	900
Total expenditures	<u>18,204</u>	<u>55,849</u>	<u>54,949</u>	<u>900</u>
Change in fund balances	<u>(1,164)</u>	<u>(38,809)</u>	<u>(33,695)</u>	<u>5,114</u>
Fund balances, July 1, 2006	1,164	38,809	40,751	1,942
Fund balances, June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ 7,056</u>	<u>\$ 7,056</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - KEEP RIO RANCHO BEAUTIFUL GRANT
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 73,201	\$ 73,215	\$ 52,511	\$ (20,704)
Total revenues	<u>73,201</u>	<u>73,215</u>	<u>52,511</u>	<u>(20,704)</u>
Expenditures:				
Current -				
Culture and recreation	55,000	57,401	52,118	5,283
Total expenditures	<u>55,000</u>	<u>57,401</u>	<u>52,118</u>	<u>5,283</u>
Change in fund balances	<u>18,201</u>	<u>15,814</u>	<u>393</u>	<u>(15,421)</u>
Fund balances (deficits), July 1, 2006	(18,201)	(15,814)	(1,156)	14,658
Fund balances (deficits), June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ (763)</u>	<u>\$ (763)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - COMMUNITY RESPONSE PROGRAM
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$	\$ 49,363	\$ 9,247	\$ (40,116)
Total revenues		<u>49,363</u>	<u>9,247</u>	<u>(40,116)</u>
Expenditures:				
Current -				
Public safety		37,437	11,396	26,041
Total expenditures		<u>37,437</u>	<u>11,396</u>	<u>26,041</u>
Change in fund balances		<u>11,926</u>	<u>(2,149)</u>	<u>(14,075)</u>
Fund balances (deficits), July 1, 2006		(11,926)	(7)	11,919
Fund balances (deficits), June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ (2,156)</u>	<u>\$ (2,156)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SENIOR SERVICES
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 84,419	\$ 776,184	\$ 397,083	\$ (379,101)
Charges for services	50,259	50,259	15,561	(34,698)
Contributions and donations	790	790	1,589	799
Investment income	2,000	2,000	1,342	(658)
Other revenues	100	100		(100)
Total revenues	<u>137,568</u>	<u>829,333</u>	<u>415,575</u>	<u>(413,758)</u>
Expenditures:				
Current -				
Culture and recreation	71,809	130,534	60,752	69,782
Capital outlay		<u>563,268</u>	<u>288,674</u>	<u>274,594</u>
Total expenditures	<u>71,809</u>	<u>693,802</u>	<u>349,426</u>	<u>344,376</u>
Excess (deficiency) of revenues over expenditures	<u>65,759</u>	<u>135,531</u>	<u>66,149</u>	<u>(69,382)</u>
Other financing sources (uses):				
Transfers out		(20,164)	(20,164)	
Total other financing sources (uses)		<u>(20,164)</u>	<u>(20,164)</u>	
Change in fund balances	<u>65,759</u>	<u>115,367</u>	<u>45,985</u>	<u>(69,382)</u>
Fund balances (deficits), July 1, 2006	(26,521)	(96,293)	(35,695)	60,598
Fund balances, June 30, 2007	<u>\$ 39,238</u>	<u>\$ 19,074</u>	<u>\$ 10,290</u>	<u>\$ (8,784)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LIBRARY
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 78,500	\$ 136,284	\$ 136,138	\$ (146)
Contributions and donations	35,000	107,424	114,450	7,026
Investment income	4,000	32,326	39,367	7,041
Total revenues	<u>117,500</u>	<u>276,034</u>	<u>289,955</u>	<u>13,921</u>
Expenditures:				
Current -				
Culture and recreation	574,280	1,113,254	918,342	194,912
Capital outlay	63,132	396,981	169,889	227,092
Total expenditures	<u>637,412</u>	<u>1,510,235</u>	<u>1,088,231</u>	<u>422,004</u>
Change in fund balances	<u>(519,912)</u>	<u>(1,234,201)</u>	<u>(798,276)</u>	<u>435,925</u>
Fund balances, July 1, 2006	559,095	1,234,430	1,200,277	(34,153)
Fund balances, June 30, 2007	<u>\$ 39,183</u>	<u>\$ 229</u>	<u>\$ 402,001</u>	<u>\$ 401,772</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PROMOTION AND MARKETING
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Charges for services	\$ 35,225	\$ 43,354	\$ 8,129
Total revenues	<u>35,225</u>	<u>43,354</u>	<u>8,129</u>
Expenditures:			
Current -			
Economic development	336,269	281,147	55,122
Total expenditures	<u>336,269</u>	<u>281,147</u>	<u>55,122</u>
Excess (deficiency) of revenues over expenditures	<u>(301,044)</u>	<u>(237,793)</u>	<u>63,251</u>
Other financing sources (uses):			
Transfers in	301,044	301,044	
Total other financing sources (uses)	<u>301,044</u>	<u>301,044</u>	
Change in fund balances		<u>63,251</u>	<u>63,251</u>
Fund balances, July 1, 2006			
Fund balances, June 30, 2007	<u>\$</u>	<u>\$ 63,251</u>	<u>\$ 63,251</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RIO RANCHO CONVENTION & VISITORS BUREAU
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal and state shared taxes	\$ 343,000	\$ 343,000	\$ 344,586	\$ 1,586
Intergovernmental	17,000	17,000	31,000	14,000
Contributions and donations	2,500	2,500	1,485	(1,015)
Investment income	1,300	1,300	3,874	2,574
Total revenues	<u>363,800</u>	<u>363,800</u>	<u>380,945</u>	<u>17,145</u>
Expenditures:				
Current -				
Economic development	393,533	395,546	380,050	15,496
Total expenditures	<u>393,533</u>	<u>395,546</u>	<u>380,050</u>	<u>15,496</u>
Excess (deficiency) of revenues over expenditures	<u>(29,733)</u>	<u>(31,746)</u>	<u>895</u>	<u>32,641</u>
Other financing sources (uses):				
Transfers in	16,313	16,313	16,313	
Total other financing sources (uses)	<u>16,313</u>	<u>16,313</u>	<u>16,313</u>	
Change in fund balances	<u>(13,420)</u>	<u>(15,433)</u>	<u>17,208</u>	<u>32,641</u>
Fund balances, July 1, 2006	80,858	82,871	78,902	(3,969)
Fund balances, June 30, 2007	<u>\$ 67,438</u>	<u>\$ 67,438</u>	<u>\$ 96,110</u>	<u>\$ 28,672</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RIO VISION CABLE
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Franchise fees	\$ 90,000	\$ 90,000	\$ 122,658	\$ 32,658
Investment income	2,000	5,700	11,421	5,721
Total revenues	<u>92,000</u>	<u>95,700</u>	<u>134,079</u>	<u>38,379</u>
Expenditures:				
Current -				
Culture and recreation	100,602	147,063	117,936	29,127
Capital outlay	92,000	92,000	84,994	7,006
Total expenditures	<u>192,602</u>	<u>239,063</u>	<u>202,930</u>	<u>36,133</u>
Change in fund balances	<u>(100,602)</u>	<u>(143,363)</u>	<u>(68,851)</u>	<u>74,512</u>
Fund balances, July 1, 2006	233,520	252,882	282,680	29,798
Fund balances, June 30, 2007	<u>\$ 132,918</u>	<u>\$ 109,519</u>	<u>\$ 213,829</u>	<u>\$ 104,310</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LOCAL GOVERNMENT CORRECTIONS
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 112,000	\$ 142,000	\$ 200,802	\$ 58,802
Investment income	300	300	2,831	2,531
Total revenues	<u>112,300</u>	<u>142,300</u>	<u>203,633</u>	<u>61,333</u>
Expenditures:				
Current -				
Public safety	<u>153,153</u>	<u>183,153</u>	<u>197,299</u>	<u>(14,146)</u>
Total expenditures	<u>153,153</u>	<u>183,153</u>	<u>197,299</u>	<u>(14,146)</u>
Change in fund balances	<u>(40,853)</u>	<u>(40,853)</u>	<u>6,334</u>	<u>47,187</u>
Fund balances, July 1, 2006	40,853	40,853	40,853	
Fund balances, June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ 47,187</u>	<u>\$ 47,187</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 95,400	\$ 93,600	\$ 93,600	\$
Investment income	800	1,250	2,613	1,363
Total revenues	<u>96,200</u>	<u>94,850</u>	<u>96,213</u>	<u>1,363</u>
Expenditures:				
Current -				
Public safety	95,335	135,317	102,675	32,642
Total expenditures	<u>95,335</u>	<u>135,317</u>	<u>102,675</u>	<u>32,642</u>
Change in fund balances	<u>865</u>	<u>(40,467)</u>	<u>(6,462)</u>	<u>34,005</u>
Fund balances, July 1, 2006	3,316	40,467	25,865	(14,602)
Fund balances, June 30, 2007	<u>\$ 4,181</u>	<u>\$</u>	<u>\$ 19,403</u>	<u>\$ 19,403</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DPS ENFORCEMENT AID
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 32,000	\$ 6,000	\$ 81,791	\$ 75,791
Contributions and donations		1,250	1,275	25
Investment income	500	500	2,155	1,655
Other revenues		867	1,794	927
Total revenues	<u>32,500</u>	<u>8,617</u>	<u>87,015</u>	<u>78,398</u>
Expenditures:				
Current -				
Public safety	40,220	46,515	35,014	11,501
Capital outlay		7,200	7,200	
Total expenditures	<u>40,220</u>	<u>53,715</u>	<u>42,214</u>	<u>11,501</u>
Change in fund balances	<u>(7,720)</u>	<u>(45,098)</u>	<u>44,801</u>	<u>89,899</u>
Fund balances, July 1, 2006	44,734	49,979	47,786	(2,193)
Fund balances, June 30, 2007	<u>\$ 37,014</u>	<u>\$ 4,881</u>	<u>\$ 92,587</u>	<u>\$ 87,706</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - TRAFFIC EDUCATION AND ENFORCEMENT AID
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeits	\$ 79,200	\$ 89,200	\$ 86,386	\$ (2,814)
Investment income	1,000	3,500	4,372	872
Total revenues	<u>80,200</u>	<u>92,700</u>	<u>90,758</u>	<u>(1,942)</u>
Expenditures:				
Current -				
Public safety	40,840	69,242	45,445	23,797
Capital outlay	51,250	65,781	63,339	2,442
Total expenditures	<u>92,090</u>	<u>135,023</u>	<u>108,784</u>	<u>26,239</u>
Change in fund balances	<u>(11,890)</u>	<u>(42,323)</u>	<u>(18,026)</u>	<u>24,297</u>
Fund balances, July 1, 2006	94,335	117,168	115,832	(1,336)
Fund balances, June 30, 2007	<u>\$ 82,445</u>	<u>\$ 74,845</u>	<u>\$ 97,806</u>	<u>\$ 22,961</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - FIRE PROTECTION
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 280,031	\$ 280,031	\$ 280,031	\$
Contributions and donations			500	500
Investment income	500	500	22,546	22,046
Other revenues			3,120	3,120
Total revenues	<u>280,531</u>	<u>280,531</u>	<u>306,197</u>	<u>25,666</u>
Expenditures:				
Current -				
Public safety	48,874	102,599	39,944	62,655
Capital outlay		1,497,165	927,274	569,891
Debt service -				
Principal	145,673	145,673	61,000	84,673
Interest and fiscal charges	25,213	25,213	19,027	6,186
Total expenditures	<u>219,760</u>	<u>1,770,650</u>	<u>1,047,245</u>	<u>723,405</u>
Excess (deficiency) of revenues over expenditures	<u>60,771</u>	<u>(1,490,119)</u>	<u>(741,048)</u>	<u>749,071</u>
Other financing sources (uses):				
Loan proceeds		1,497,165	1,649,286	152,121
Total other financing sources (uses)		<u>1,497,165</u>	<u>1,649,286</u>	<u>152,121</u>
Change in fund balances	<u>60,771</u>	<u>7,046</u>	<u>908,238</u>	<u>901,192</u>
Fund balances, July 1, 2006	26,588	41,293	29,522	(11,771)
Fund balances, June 30, 2007	<u>\$ 87,359</u>	<u>\$ 48,339</u>	<u>\$ 937,760</u>	<u>\$ 889,421</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - EMERGENCY MEDICAL SERVICES
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 20,000	\$ 19,480	\$ 19,480	\$
Investment income			476	476
Total revenues	<u>20,000</u>	<u>19,480</u>	<u>19,956</u>	<u>476</u>
Expenditures:				
Current -				
Public safety	13,600	15,223	6,678	8,545
Capital outlay	6,400	9,601	9,302	299
Total expenditures	<u>20,000</u>	<u>24,824</u>	<u>15,980</u>	<u>8,844</u>
Change in fund balances		<u>(5,344)</u>	<u>3,976</u>	<u>9,320</u>
Fund balances, July 1, 2006	794	5,344	794	(4,550)
Fund balances, June 30, 2007	<u>\$ 794</u>	<u>\$</u>	<u>\$ 4,770</u>	<u>\$ 4,770</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DPS GRANTS
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 70,652	\$ 1,505,168	\$ 924,861	\$ (580,307)
Total revenues	<u>70,652</u>	<u>1,505,168</u>	<u>924,861</u>	<u>(580,307)</u>
Expenditures:				
Current -				
Public safety	70,652	1,308,516	893,839	414,677
Capital outlay		14,155	431	13,724
Total expenditures	<u>70,652</u>	<u>1,322,671</u>	<u>894,270</u>	<u>428,401</u>
Change in fund balances		<u>182,497</u>	<u>30,591</u>	<u>(151,906)</u>
Fund balances (deficits), July 1, 2006		(182,497)	(36,667)	145,830
Fund balances (deficits), June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ (6,076)</u>	<u>\$ (6,076)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ENVIRONMENTAL GROSS RECEIPTS TAX
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal and state shared taxes	\$ 700,582	\$ 826,225	\$ 674,416	\$ (151,809)
Contributions and donations	10,000	10,000	8,872	(1,128)
Investment income	15,000	15,000	61,118	46,118
Total revenues	<u>725,582</u>	<u>851,225</u>	<u>744,406</u>	<u>(106,819)</u>
Expenditures:				
Current -				
Public works	125,435	156,613	98,996	57,617
Capital outlay	660,000	1,445,361	311,638	1,133,723
Total expenditures	<u>785,435</u>	<u>1,601,974</u>	<u>410,634</u>	<u>1,191,340</u>
Change in fund balances	<u>(59,853)</u>	<u>(750,749)</u>	<u>333,772</u>	<u>1,084,521</u>
Fund balances, July 1, 2006	331,224	1,016,210	1,126,287	110,077
Fund balances, June 30, 2007	<u>\$ 271,371</u>	<u>\$ 265,461</u>	<u>\$ 1,460,059</u>	<u>\$ 1,194,598</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MUNICIPAL ROAD
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal and state shared taxes	\$ 546,136	\$ 577,136	\$ 563,791	\$ (13,345)
Intergovernmental	163,547	543,767	541,422	(2,345)
Franchise fees			30,000	30,000
Investment income	12,000	42,000	82,835	40,835
Total revenues	<u>721,683</u>	<u>1,162,903</u>	<u>1,218,048</u>	<u>55,145</u>
Expenditures:				
Current -				
Public works	252,000	289,345	2,137,971	(1,848,626)
Capital outlay	3,000,000	4,019,295	1,864,691	2,154,604
Debt service -				
Principal	72,818	72,818	72,818	
Interest and fiscal charges	1,318	1,318	1,318	
Total expenditures	<u>3,326,136</u>	<u>4,382,776</u>	<u>4,076,798</u>	<u>305,978</u>
Excess (deficiency) of revenues over expenditures	<u>(2,604,453)</u>	<u>(3,219,873)</u>	<u>(2,858,750)</u>	<u>361,123</u>
Other financing sources (uses):				
Transfers in	1,807,313	2,428,966	2,428,966	
Total other financing sources (uses)	<u>1,807,313</u>	<u>2,428,966</u>	<u>2,428,966</u>	
Change in fund balances	<u>(797,140)</u>	<u>(790,907)</u>	<u>(429,784)</u>	<u>361,123</u>
Fund balances, July 1, 2006	966,409	1,026,002	1,072,649	46,647
Fund balances, June 30, 2007	<u>\$ 169,269</u>	<u>\$ 235,095</u>	<u>\$ 642,865</u>	<u>\$ 407,770</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RECREATION DEVELOPMENT
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual
Revenues:			
Intergovernmental	\$	\$ 918,364	\$ 728,950
Investment income		5,500	20,245
Total revenues		923,864	749,195
Expenditures:			
Current -			
Culture and recreation		42,840	31,752
Capital outlay	973,000	3,028,062	1,839,395
Total expenditures	973,000	3,070,902	1,871,147
Excess (deficiency) of revenues over expenditures	(973,000)	(2,147,038)	(1,121,952)
Other financing sources (uses):			
Transfers in	973,000	1,309,083	1,309,083
Total other financing sources (uses)	973,000	1,309,083	1,309,083
Change in fund balances		(837,955)	187,131
Fund balances, July 1, 2006		842,961	953,608
Fund balances, June 30, 2007	\$	\$ 5,006	\$ 1,140,739
			\$ 1,135,733

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - EQUIPMENT REPLACEMENT
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 3,000	\$ 43,000	\$ 65,771	\$ 22,771
Total revenues	<u>3,000</u>	<u>43,000</u>	<u>65,771</u>	<u>22,771</u>
Expenditures:				
Current -				
General government			6,825	(6,825)
Public works	350,000	350,000	10,414	339,586
Capital outlay	1,240,404	1,722,904	1,356,772	366,132
Total expenditures	<u>1,590,404</u>	<u>2,072,904</u>	<u>1,374,011</u>	<u>698,893</u>
Excess (deficiency) of revenues over expenditures	<u>(1,587,404)</u>	<u>(2,029,904)</u>	<u>(1,308,240)</u>	<u>721,664</u>
Other financing sources (uses):				
Transfers in	1,565,304	2,007,804	2,007,804	
Total other financing sources (uses)	<u>1,565,304</u>	<u>2,007,804</u>	<u>2,007,804</u>	
Change in fund balances	<u>(22,100)</u>	<u>(22,100)</u>	<u>699,564</u>	<u>721,664</u>
Fund balances, July 1, 2006	571,392	571,392	574,823	3,431
Fund balances, June 30, 2007	<u>\$ 549,292</u>	<u>\$ 549,292</u>	<u>\$ 1,274,387</u>	<u>\$ 725,095</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DOMESTIC VIOLENCE RESPONSE
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Intergovernmental	\$	\$ 345,779	\$ 31,763
Total revenues		<u>345,779</u>	<u>31,763</u>
Expenditures:			
Current -			
Public safety		345,779	36,814
Total expenditures		<u>345,779</u>	<u>36,814</u>
Change in fund balances			<u>(5,051)</u>
Fund balances, July 1, 2006			
Fund balances (deficits), June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ (5,051)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HUD - CDBG II
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 329,367	\$ 570,346	\$ 363,397	\$ (206,949)
Total revenues	<u>329,367</u>	<u>570,346</u>	<u>363,397</u>	<u>(206,949)</u>
Expenditures:				
Current -				
Public works	277,177	463,142	335,555	127,587
Capital outlay		38,189	38,188	1
Total expenditures	<u>277,177</u>	<u>501,331</u>	<u>373,743</u>	<u>127,588</u>
Change in fund balances	<u>52,190</u>	<u>69,015</u>	<u>(10,346)</u>	<u>(79,361)</u>
Fund balances (deficits), July 1, 2006	(24,994)	(61,873)	(13,456)	48,417
Fund balances (deficits), June 30, 2007	<u>\$ 27,196</u>	<u>\$ 7,142</u>	<u>\$ (23,802)</u>	<u>\$ (30,944)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CRIME VICTIMS ASSISTANCE
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental	\$ 34,747	\$ 31,043	\$ (3,704)
Total revenues	<u>34,747</u>	<u>31,043</u>	<u>(3,704)</u>
Expenditures:			
Current -			
Public safety	36,122	32,242	3,880
Total expenditures	<u>36,122</u>	<u>32,242</u>	<u>3,880</u>
Excess (deficiency) of revenues over expenditures	<u>(1,375)</u>	<u>(1,199)</u>	<u>176</u>
Other financing sources (uses):			
Transfers in	9,360	1,192	(8,168)
Total other financing sources (uses)	<u>9,360</u>	<u>1,192</u>	<u>(8,168)</u>
Change in fund balances	<u>7,985</u>	<u>(7)</u>	<u>(7,992)</u>
Fund balances (deficits), July 1, 2006	<u>(7,985)</u>	<u>(625)</u>	<u>7,360</u>
Fund balances (deficits), June 30, 2007	<u>\$</u>	<u>\$ (632)</u>	<u>\$ (632)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL OBLIGATION BONDS
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 2,378,098	\$ 2,378,098	\$ 2,259,624	\$ (118,474)
Investment income	15,000	35,000	60,843	25,843
Total revenues	<u>2,393,098</u>	<u>2,413,098</u>	<u>2,320,467</u>	<u>(92,631)</u>
Expenditures:				
Debt service -				
Principal	1,690,000	1,690,000	1,690,000	
Interest and fiscal charges	593,477	593,508	845,044	(251,536)
Total expenditures	<u>2,283,477</u>	<u>2,283,508</u>	<u>2,535,044</u>	<u>(251,536)</u>
Change in fund balances	<u>109,621</u>	<u>129,590</u>	<u>(214,577)</u>	<u>(344,167)</u>
Fund balances, July 1, 2006	1,408,418	1,408,418	1,469,470	61,052
Fund balances, June 30, 2007	<u>\$ 1,518,039</u>	<u>\$ 1,538,008</u>	<u>\$ 1,254,893</u>	<u>\$ (283,115)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GROSS RECEIPTS TAX REVENUE BONDS SERIES 2003
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Municipal and state shared taxes	\$ 630,000	\$ 613,333	\$ (16,667)
Investment income	2,000	15,855	13,855
Total revenues	<u>632,000</u>	<u>629,188</u>	<u>(2,812)</u>
Expenditures:			
Debt service -			
Principal	545,000	545,000	
Interest and fiscal charges	103,207	108,056	(4,849)
Total expenditures	<u>648,207</u>	<u>653,056</u>	<u>(4,849)</u>
Change in fund balances	<u>(16,207)</u>	<u>(23,868)</u>	<u>(7,661)</u>
Fund balances, July 1, 2006	127,055	232,055	105,000
Fund balances, June 30, 2007	<u>\$ 110,848</u>	<u>\$ 208,187</u>	<u>\$ 97,339</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GROSS RECEIPTS TAX REVENUE BONDS SERIES 2005
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Municipal and state shared taxes	\$ 1,045,274	\$ 1,041,645	\$ (3,629)
Investment income	4,000	33,982	29,982
Total revenues	<u>1,049,274</u>	<u>1,075,627</u>	<u>26,353</u>
Expenditures:			
Debt service -			
Principal	210,000	210,000	
Interest and fiscal charges	839,274	903,297	(64,023)
Total expenditures	<u>1,049,274</u>	<u>1,113,297</u>	<u>(64,023)</u>
Change in fund balances		<u>(37,670)</u>	<u>(37,670)</u>
Fund balances, July 1, 2006	9,476	183,688	174,212
Fund balances, June 30, 2007	<u>\$ 9,476</u>	<u>\$ 146,018</u>	<u>\$ 136,542</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 1,800	\$ 1,800	\$ 22,022	\$ 20,222
Total revenues	<u>1,800</u>	<u>1,800</u>	<u>22,022</u>	<u>20,222</u>
Expenditures:				
Capital outlay	600,000	1,103,096	54,743	1,048,353
Total expenditures	<u>600,000</u>	<u>1,103,096</u>	<u>54,743</u>	<u>1,048,353</u>
Excess (deficiency) of revenues over expenditures	<u>(598,200)</u>	<u>(1,101,296)</u>	<u>(32,721)</u>	<u>1,068,575</u>
Other financing sources (uses):				
Transfers in	544,595	968,398	968,398	
Total other financing sources (uses)	<u>544,595</u>	<u>968,398</u>	<u>968,398</u>	
Change in fund balances	<u>(53,605)</u>	<u>(132,898)</u>	<u>935,677</u>	<u>1,068,575</u>
Fund balances, July 1, 2006	53,605	132,898	133,557	659
Fund balances, June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ 1,069,234</u>	<u>\$ 1,069,234</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - INFRASTRUCTURE
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal and state shared taxes	\$ 435,062	\$ 435,062	\$ 510,692	\$ 75,630
Intergovernmental	3,272,000	7,781,194	6,276,604	(1,504,590)
Contributions and donations			65,039	65,039
Investment income	11,400	17,400	79,776	62,376
Total revenues	<u>3,718,462</u>	<u>8,233,656</u>	<u>6,932,111</u>	<u>(1,301,545)</u>
Expenditures:				
Current -				
Public works			93,412	(93,412)
Capital outlay	6,280,487	14,070,494	6,900,374	7,170,120
Debt service -				
Principal	390,903	390,903	390,903	
Interest and fiscal charges	44,159	44,159	47,445	(3,286)
Total expenditures	<u>6,715,549</u>	<u>14,505,556</u>	<u>7,432,134</u>	<u>7,073,422</u>
Excess (deficiency) of revenues over expenditures	<u>(2,997,087)</u>	<u>(6,271,900)</u>	<u>(500,023)</u>	<u>5,771,877</u>
Other financing sources (uses):				
Loan proceeds	1,047,000	1,047,000	1,047,000	
Transfers in	1,686,136	3,805,554	3,805,554	
Total other financing sources (uses)	<u>2,733,136</u>	<u>4,852,554</u>	<u>4,852,554</u>	
Change in fund balances	<u>(263,951)</u>	<u>(1,419,346)</u>	<u>4,352,531</u>	<u>5,771,877</u>
Fund balances, July 1, 2006	358,573	1,424,475	1,680,503	256,028
Fund balances, June 30, 2007	<u>\$ 94,622</u>	<u>\$ 5,129</u>	<u>\$ 6,033,034</u>	<u>\$ 6,027,905</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUILDING IMPROVEMENT
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 50,000	\$ 50,000	\$ 243,365	\$ 193,365
Other revenues	1,810,332	1,810,332	699,187	(1,111,145)
Total revenues	<u>1,860,332</u>	<u>1,860,332</u>	<u>942,552</u>	<u>(917,780)</u>
Expenditures:				
Current -				
General government			2,915,679	(2,915,679)
Public works		425,144	325,327	99,817
Capital outlay	4,536,800	8,362,655	2,096,656	6,265,999
Total expenditures	<u>4,536,800</u>	<u>8,787,799</u>	<u>5,337,662</u>	<u>3,450,137</u>
Excess (deficiency) of revenues over expenditures	<u>(2,676,468)</u>	<u>(6,927,467)</u>	<u>(4,395,110)</u>	<u>2,532,357</u>
Other financing sources (uses):				
Transfers in	1,400,000	1,400,000	1,400,000	
Total other financing sources (uses)	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	
Change in fund balances	<u>(1,276,468)</u>	<u>(5,527,467)</u>	<u>(2,995,110)</u>	<u>2,532,357</u>
Fund balances, July 1, 2006	1,301,219	5,553,285	5,481,130	(72,155)
Fund balances, June 30, 2007	<u>\$ 24,751</u>	<u>\$ 25,818</u>	<u>\$ 2,486,020</u>	<u>\$ 2,460,202</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - STATE APPROPRIATION CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual
Revenues:			
Intergovernmental	\$ 3,273,000	\$ 6,975,577	\$ 2,928,793
Total revenues	<u>3,273,000</u>	<u>6,975,577</u>	<u>2,928,793</u>
Expenditures:			
Current -			
General government		1,130	100,000
Capital outlay	3,273,000	6,011,938	2,172,462
Total expenditures	<u>3,273,000</u>	<u>6,013,068</u>	<u>2,272,462</u>
Change in fund balances		<u>962,509</u>	<u>656,331</u>
Fund balances (deficits), July 1, 2006		(962,509)	(1,040,374)
Fund balances (deficits), June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ (384,043)</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND CONSTRUCTION 2004 LIBRARY
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$	\$ 56,215	\$ 37,020	\$ (19,195)
Total revenues		56,215	37,020	(19,195)
Expenditures:				
Capital outlay	63,530	3,177,330	2,358,854	818,476
Total expenditures	63,530	3,177,330	2,358,854	818,476
Change in fund balances	(63,530)	(3,121,115)	(2,321,834)	799,281
Fund balances, July 1, 2006	63,530	3,158,746	2,373,673	(785,073)
Fund balances, June 30, 2007	\$	\$ 37,631	\$ 51,839	\$ 14,208

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND CONSTRUCTION FUND 2005
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Investment income	\$	\$ 683,707	\$ 649,234
Total revenues		<u>683,707</u>	<u>649,234</u>
Expenditures:			
Current -			
General government		300,000	3,382
Capital outlay	99,321	17,862,707	14,347,585
Total expenditures	<u>99,321</u>	<u>18,162,707</u>	<u>14,350,967</u>
Change in fund balances	<u>(99,321)</u>	<u>(17,479,000)</u>	<u>(13,701,733)</u>
Fund balances, July 1, 2006	99,321	17,479,000	17,272,678
Fund balances, June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ 3,570,945</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND CONSTRUCTION 2006 AQUATICS
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Contributions and donations	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$
Investment income		322,454	413,424	90,970
Total revenues	<u>1,500,000</u>	<u>1,822,454</u>	<u>1,913,424</u>	<u>90,970</u>
Expenditures:				
Capital outlay	1,500,000	10,420,107	3,025,450	7,394,657
Debt service -				
Bond issuance costs		15,529		15,529
Total expenditures	<u>1,500,000</u>	<u>10,435,636</u>	<u>3,025,450</u>	<u>7,410,186</u>
Change in fund balances		<u>(8,613,182)</u>	<u>(1,112,026)</u>	<u>7,501,156</u>
Fund balances, July 1, 2006	24,208	8,637,390	8,691,917	54,527
Fund balances, June 30, 2007	<u>\$ 24,208</u>	<u>\$ 24,208</u>	<u>\$ 7,579,891</u>	<u>\$ 7,555,683</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ROAD IMPACT FEES
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Impact fees	\$ 1,785,000	\$ 1,785,000	\$ 1,684,723	\$ (100,277)
Investment income	41,000	41,000	71,919	30,919
Total revenues	<u>1,826,000</u>	<u>1,826,000</u>	<u>1,756,642</u>	<u>(69,358)</u>
Expenditures:				
Current -				
Public works			100,000	(100,000)
Capital outlay	1,400,000	2,875,701	1,975,291	900,410
Debt service -				
Principal	159,938	159,938	158,453	1,485
Interest and fiscal charges	30,240	30,240	34,586	(4,346)
Total expenditures	<u>1,590,178</u>	<u>3,065,879</u>	<u>2,268,330</u>	<u>797,549</u>
Excess (deficiency) of revenues over expenditures	<u>235,822</u>	<u>(1,239,879)</u>	<u>(511,688)</u>	<u>728,191</u>
Other financing sources (uses):				
Transfers out	(53,550)	(53,550)	(53,550)	
Total other financing sources (uses)	<u>(53,550)</u>	<u>(53,550)</u>	<u>(53,550)</u>	
Change in fund balances	<u>182,272</u>	<u>(1,293,429)</u>	<u>(565,238)</u>	<u>728,191</u>
Fund balances, July 1, 2006	96,373	1,572,074	1,567,653	(4,421)
Fund balances, June 30, 2007	<u>\$ 278,645</u>	<u>\$ 278,645</u>	<u>\$ 1,002,415</u>	<u>\$ 723,770</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - TRAIL IMPACT FEES
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Impact fees	\$ 40,000	\$ 27,000	\$ 24,465	\$ (2,535)
Investment income	2,000	6,000	6,067	67
Total revenues	<u>42,000</u>	<u>33,000</u>	<u>30,532</u>	<u>(2,468)</u>
Expenditures:				
Capital outlay	35,000	124,375	42,192	82,183
Total expenditures	<u>35,000</u>	<u>124,375</u>	<u>42,192</u>	<u>82,183</u>
Excess (deficiency) of revenues over expenditures	<u>7,000</u>	<u>(91,375)</u>	<u>(11,660)</u>	<u>79,715</u>
Other financing sources (uses):				
Transfers out	(1,200)	(1,200)	(1,200)	
Total other financing sources (uses)	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	
Change in fund balances	<u>5,800</u>	<u>(92,575)</u>	<u>(12,860)</u>	<u>79,715</u>
Fund balances, July 1, 2006	21,882	110,916	111,658	742
Fund balances, June 30, 2007	<u>\$ 27,682</u>	<u>\$ 18,341</u>	<u>\$ 98,798</u>	<u>\$ 80,457</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PARK IMPACT FEES
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ 1,058,000	\$ 729,000	\$ 550,486	\$ (178,514)
Investment income	24,500	70,000	78,245	8,245
Total revenues	<u>1,082,500</u>	<u>799,000</u>	<u>628,731</u>	<u>(170,269)</u>
Expenditures:				
Current -				
Culture and recreation		13,096	6,670	6,426
Capital outlay	632,475	2,072,267	1,046,662	1,025,605
Total expenditures	<u>632,475</u>	<u>2,085,363</u>	<u>1,053,332</u>	<u>1,032,031</u>
Excess (deficiency) of revenues over expenditures	<u>450,025</u>	<u>(1,286,363)</u>	<u>(424,601)</u>	<u>861,762</u>
Other financing sources (uses):				
Transfers out	(31,740)	(31,740)	(31,740)	
Total other financing sources (uses)	<u>(31,740)</u>	<u>(31,740)</u>	<u>(31,740)</u>	
Change in fund balances	<u>418,285</u>	<u>(1,318,103)</u>	<u>(456,341)</u>	<u>861,762</u>
Fund balances, July 1, 2006	116,945	1,533,561	1,500,263	(33,298)
Fund balances, June 30, 2007	<u>\$ 535,230</u>	<u>\$ 215,458</u>	<u>\$ 1,043,922</u>	<u>\$ 828,464</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PUBLIC SAFETY IMPACT FEES
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Impact fees	\$ 277,000	\$ 277,000	\$ 402,397	\$ 125,397
Investment income	1,000	1,000	81,116	80,116
Total revenues	<u>278,000</u>	<u>278,000</u>	<u>483,513</u>	<u>205,513</u>
Expenditures:				
Capital outlay	185,000	1,338,243	324,511	1,013,732
Total expenditures	<u>185,000</u>	<u>1,338,243</u>	<u>324,511</u>	<u>1,013,732</u>
Excess (deficiency) of revenues over expenditures	<u>93,000</u>	<u>(1,060,243)</u>	<u>159,002</u>	<u>1,219,245</u>
Other financing sources (uses):				
Transfers out	(8,310)	(8,310)	(8,310)	
Total other financing sources (uses)	<u>(8,310)</u>	<u>(8,310)</u>	<u>(8,310)</u>	
Change in fund balances	<u>84,690</u>	<u>(1,068,553)</u>	<u>150,692</u>	<u>1,219,245</u>
Fund balances, July 1, 2006	532,400	1,422,911	1,423,666	755
Fund balances, June 30, 2007	<u>\$ 617,090</u>	<u>\$ 354,358</u>	<u>\$ 1,574,358</u>	<u>\$ 1,220,000</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DRAINAGE IMPACT FEES
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ 1,576,155	\$ 876,155	\$ 683,929	\$ (192,226)
Investment income	10,000	7,000	11,145	4,145
Total revenues	<u>1,586,155</u>	<u>883,155</u>	<u>695,074</u>	<u>(188,081)</u>
Expenditures:				
Capital outlay		200,000		200,000
Total expenditures		<u>200,000</u>		<u>200,000</u>
Excess (deficiency) of revenues over expenditures	<u>1,586,155</u>	<u>683,155</u>	<u>695,074</u>	<u>11,919</u>
Other financing sources (uses):				
Transfers out	(47,285)	(47,285)	(47,285)	
Total other financing sources (uses)	<u>(47,285)</u>	<u>(47,285)</u>	<u>(47,285)</u>	
Change in fund balances	<u>1,538,870</u>	<u>635,870</u>	<u>647,789</u>	<u>11,919</u>
Fund balances, July 1, 2006	42,970	42,970	42,970	
Fund balances, June 30, 2007	<u>\$ 1,581,840</u>	<u>\$ 678,840</u>	<u>\$ 690,759</u>	<u>\$ 11,919</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SOLID WASTE DISPOSAL-INDIGENT
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Contributions and donations	\$ 10,000	\$ 10,000	\$ 10,000	\$
Investment income			643	643
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>10,643</u>	<u>643</u>
Expenditures:				
Current -				
General government	23,751	25,001	8,000	17,001
Total expenditures	<u>23,751</u>	<u>25,001</u>	<u>8,000</u>	<u>17,001</u>
Change in fund balances	<u>(13,751)</u>	<u>(15,001)</u>	<u>2,643</u>	<u>17,644</u>
Fund balances, July 1, 2006	13,751	15,001	15,001	
Fund balances, June 30, 2007	<u>\$</u>	<u>\$</u>	<u>\$ 17,644</u>	<u>\$ 17,644</u>

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND NET ASSETS - BUDGET AND ACTUAL
UTILITIES FUND
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services - water	\$ 16,291,087	\$ 14,610,687	\$ 13,535,909	\$ (1,074,778)
Charges for services - wastewater	9,974,100	10,424,100	11,066,613	642,513
Interest on investments	505,000	1,427,000	2,753,301	1,326,301
Intergovernmental	3,300,000	11,750,045	565,563	(11,184,482)
Impact fees	3,770,080	2,412,080	1,987,056	(425,024)
Other revenues			6,981	6,981
Total revenues	<u>33,840,267</u>	<u>40,623,912</u>	<u>29,915,423</u>	<u>(10,708,489)</u>
Expenditures:				
Operations	14,108,350	14,843,633	13,202,349	1,641,284
Capital outlay	14,798,084	78,548,215	15,150,903	63,397,312
Debt service -				
Principal	4,256,456	4,256,456	4,256,456	
Interest and fiscal charges	4,866,987	4,870,037	5,087,604	(217,567)
Other expenditures	110,000	111,000	174,310	(63,310)
Total expenditures	<u>38,139,877</u>	<u>102,629,341</u>	<u>37,871,622</u>	<u>64,757,719</u>
Excess of revenues over (under) expenditures	<u>\$ (4,299,610)</u>	<u>\$ (62,005,429)</u>	<u>(7,956,199)</u>	<u>\$ (75,466,208)</u>
 Revenues (expenses) not budgeted:				
Amortization			(448,501)	
Depreciation			(3,149,703)	
 Changes to conform to generally accepted accounting principles:				
Principal payment on bonds			4,256,456	
Capital contributions			987,677	
Capital outlay			15,150,903	
 Changes in Net Assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>\$ 8,840,633</u>	

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND NET ASSETS - BUDGET AND ACTUAL
MULTI-PURPOSE EVENT CENTER FUND
YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,156,000	\$ 1,688,100	\$ 1,161,574	\$ (526,526)
Interest on investments	381,000	496,114	684,406	188,292
Intergovernmental			150,000	150,000
Contributions & donations	<u>4,339,570</u>	<u>4,339,570</u>	<u>4,339,570</u>	
Total revenues	<u>5,876,570</u>	<u>6,523,784</u>	<u>6,335,550</u>	<u>(188,234)</u>
Expenditures:				
Operations	57,200	707,323	746,912	(39,589)
Capital outlay	958,606	20,102,358	20,044,032	58,326
Debt service - Principal				
Interest and fiscal charges	<u>1,756,787</u>	<u>1,756,787</u>	<u>1,896,366</u>	<u>(139,579)</u>
Total expenditures	<u>2,772,593</u>	<u>22,566,468</u>	<u>22,687,310</u>	<u>(120,842)</u>
Excess of revenues over (under) expenditures	<u>\$ 3,103,977</u>	<u>\$ (16,042,684)</u>	<u>(16,351,760)</u>	<u>\$ (67,392)</u>
 Revenues (expenses) not budgeted:				
Amortization			(39,217)	
 Changes to conform to generally accepted accounting principles:				
Capital contributions			1,803,493	
Capital outlay			<u>20,044,032</u>	
 Changes in Net Assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>\$ 5,456,548</u>	

AGENCY FUNDS

Gross Receipts Incentive Program (GRIP) – To account for funds held by the City for reimbursement to retail businesses which generate significant gross receipts tax revenues to the City.

Special Assessment District VII Bonds – To account for funds held by the City as a paying agent of the special assessment district seven projects debt service.

Special Assessment District VI Bonds – To account for funds held by the City as a paying agent of the special assessment district six projects debt service.

Special Assessment District V Bonds – To account for funds held by the City as a paying agent of the special assessment district five projects debt service.

Municipal Court Fund – To account for collections and payments of court fines, criminal bonds and other fees from and on behalf of the public.

Motor Vehicle Division Fund – To account for license fees and revenue collected by the City as agent for the Motor Vehicle Division, State of New Mexico as allowed by New Mexico State Statute, Section 66.

Rio Rancho Economic Development Fund – To account for contributions from builders for the Rio Rancho Economic Development Corporation. The fund is a pass-through fund; all revenues collected are remitted to RREDC.

CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2007

	Special Assessment District VI Bonds	Special Assessment District VII Bonds	Special Assessment District V Bonds	Municipal Court
<u>ASSETS</u>				
Cash and investments	\$ 3,500,806	\$ 334,884	\$ 49,248	\$ 17,915
Total assets	<u>\$ 3,500,806</u>	<u>\$ 334,884</u>	<u>\$ 49,248</u>	<u>\$ 17,915</u>
<u>LIABILITIES</u>				
Deposits held for others	3,500,806	334,884	49,248	17,915
Total liabilities	<u>\$ 3,500,806</u>	<u>\$ 334,884</u>	<u>\$ 49,248</u>	<u>\$ 17,915</u>

Motor Vehicle Division	Totals
\$ 1,416	\$ 3,904,269
\$ 1,416	\$ 3,904,269
1,416	3,904,269
\$ 1,416	\$ 3,904,269

CITY OF RIO RANCHO, NEW MEXICO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>GROSS RECEIPTS INCENTIVE PROGRAM (GRIP)</u>				
<u>Assets</u>				
Cash and investments	\$ -	\$ 18,133	\$ 18,133	\$ -
Total assets	<u>\$ -</u>	<u>\$ 18,133</u>	<u>\$ 18,133</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deposits held for others	\$ -	\$ 18,133	\$ 18,133	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 18,133</u>	<u>\$ 18,133</u>	<u>\$ -</u>
<u>SPECIAL ASSESSMENT DISTRICT V BONDS</u>				
<u>Assets</u>				
Cash and investments	\$ 80,806	\$ 122,862	\$ 154,420	\$ 49,248
Total assets	<u>\$ 80,806</u>	<u>\$ 122,862</u>	<u>\$ 154,420</u>	<u>\$ 49,248</u>
<u>Liabilities</u>				
Deposits held for others	\$ 80,806	\$ 122,862	\$ 154,420	\$ 49,248
Total liabilities	<u>\$ 80,806</u>	<u>\$ 122,862</u>	<u>\$ 154,420</u>	<u>\$ 49,248</u>
<u>MUNICIPAL COURT</u>				
<u>Assets</u>				
Cash and investments	\$ 13,748	\$ 62,636	\$ 58,469	\$ 17,915
Total assets	<u>\$ 13,748</u>	<u>\$ 62,636</u>	<u>\$ 58,469</u>	<u>\$ 17,915</u>
<u>Liabilities</u>				
Deposits held for others	\$ 13,748	\$ 62,636	\$ 58,469	\$ 17,915
Total liabilities	<u>\$ 10,523</u>	<u>\$ 62,636</u>	<u>\$ 58,469</u>	<u>\$ 17,915</u>
<u>RIO RANCHO ECONOMIC DEVELOPMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 4	\$ 18,146	\$ 18,150	\$ -
Total assets	<u>\$ 4</u>	<u>\$ 18,146</u>	<u>\$ 18,150</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deposits held for others	\$ 4	\$ 18,146	\$ 18,150	\$ -
Total liabilities	<u>\$ 4</u>	<u>\$ 18,146</u>	<u>\$ 18,150</u>	<u>\$ -</u>

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>MOTOR VEHICLE DIVISION</u>				
<u>Assets</u>				
Cash and investments	\$ 3,652	\$ 1,869,373	\$ 1,871,609	\$ 1,416
Total assets	<u>\$ 3,652</u>	<u>\$ 1,869,373</u>	<u>\$ 1,871,609</u>	<u>\$ 1,416</u>
<u>Liabilities</u>				
Deposits held for others	\$ 3,652	\$ 1,869,373	\$ 1,871,609	\$ 1,416
Total liabilities	<u>\$ 3,652</u>	<u>\$ 1,869,373</u>	<u>\$ 1,871,609</u>	<u>\$ 1,416</u>
<u>SPECIAL ASSESSMENT DISTRICT VI BONDS</u>				
<u>Assets</u>				
Cash and investments	\$ 197,820	\$ 11,681,891	\$ 8,378,905	\$ 3,500,806
Total assets	<u>\$ 197,820</u>	<u>\$ 11,681,891</u>	<u>\$ 8,378,905</u>	<u>\$ 3,500,806</u>
<u>Liabilities</u>				
Deposits held for others	\$ 197,820	\$ 11,681,891	\$ 8,378,905	\$ 3,500,806
Total liabilities	<u>\$ 197,820</u>	<u>\$ 11,681,891</u>	<u>\$ 8,378,905</u>	<u>\$ 3,500,806</u>
<u>SPECIAL ASSESSMENT DISTRICT VII BONDS</u>				
<u>Assets</u>				
Cash and investments	\$ -	\$ 402,212	\$ 67,328	\$ 334,884
Total assets	<u>\$ -</u>	<u>\$ 402,212</u>	<u>\$ 67,328</u>	<u>\$ 334,884</u>
<u>Liabilities</u>				
Deposits held for others	\$ -	\$ 402,212	\$ 67,328	\$ 334,884
Total liabilities	<u>\$ -</u>	<u>\$ 402,212</u>	<u>\$ 67,328</u>	<u>\$ 334,884</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 296,030	\$ 14,175,253	\$ 10,567,013	\$ 3,904,269
Total assets	<u>\$ 296,030</u>	<u>\$ 14,175,253</u>	<u>\$ 10,567,013</u>	<u>\$ 3,904,269</u>
<u>Liabilities</u>				
Deposits held for others	\$ 296,030	\$ 14,175,253	\$ 10,567,013	\$ 3,904,269
Total liabilities	<u>\$ 296,030</u>	<u>\$ 14,175,253</u>	<u>\$ 10,567,013</u>	<u>\$ 3,904,269</u>

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**SUPPLEMENTAL INFORMATION REQUIRED
BY THE NEW MEXICO STATE AUDITOR**

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CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
AND PLEDGED COLLATERAL
June 30, 2007

DEPOSIT ACCOUNTS:

Financial Institution:		Balances	
Account Name	Account Type	Reconciled	On Deposit
Wells Fargo			
Operating	Checking	\$ 477,503	\$ 3,066,379
Operating	Savings	17,591,618	17,591,618
Motor Vehicle	Checking	1,416	31,232
Municipal Court - Bond	Checking	17,915	19,506
Utility	Checking	184,846	222,870
Total Wells Fargo Deposit Accounts		18,273,299	20,931,605
Total Deposit Accounts		\$ 18,273,299	\$ 20,931,605

INVESTMENT ACCOUNTS

Financial Institution:		Cost	Market
Account Name	Account Type		
State of New Mexico			
Local Government Investment Pool	Investment	\$ 27,484,145	\$ 27,484,145
Total State of New Mexico Investment Accounts		27,484,145	27,484,145
New York Bank			
Money Market - U.S. Treasury	Investment	223,167	223,167
Commercial Paper	Investment	707,972	707,440
Total New York Bank Investment Accounts		931,139	930,607
Wells Fargo Bank			
Money Market (Sweep)	Investment	3,145,428	3,145,428
U. S. Treasury Bill	Investment	14,766,646	14,910,258
Federal National Mortgage Association Discount Note	Investment	13,170,317	15,956,200
Federal Home Loan Mortgage Corporation Note	Investment	43,765,343	41,698,333
Federal Home Loan Discount Note	Investment	991,719	992,800
Total Wells Fargo Bank Investment Accounts		75,839,453	76,703,019
Total Investment Accounts		\$ 104,254,737	\$ 105,117,771

PLEDGED COLLATERAL

Custodian	Security	CUSIP Number	Location	Maturity Date	Fair Market Value
Wells Fargo	FNCL	31409GGZ3	San Francisco, CA	06/01/36	36,190,475
Total Pledged Collateral					\$ 36,190,475

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**CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2007**

Participants: New Mexico Energy, Minerals, and Natural Resources Department,
State Forestry Division (EMNRD)

Responsible Party: EMNRD

Description: The control of timer, grass, and woodland fires in and adjacent to
suburban areas is essential to an effective fire control program
("Program"). The City and EMNRD agree to maintain, in accordance
with the "Program," to provide a cooperative fire protection system
covering any or all private, County, non-municipal, and state lands
within or adjacent to the City.

Date of Agreement: 7/1/2006 to 7/1/2011

Total Amount/City Share: Cost shared per occurrence

Fiscal Year 2007 Amount: \$-0-

Audit Responsibility: City and EMNRD

Participants: County of Sandoval and Village of Corrales

Responsible Party: Sandoval County Regional Emergency Communications Center
(SCRECC)

Description: Operating, administering, and maintaining a joint enhanced 911
Regional Communications Center to provide emergency telephone
access for the citizens of the parties' agreement and to provide for the
emergency communications needs of the public safety agencies of the
parties' agreement.

Dates of Agreement: 7/1/03-indefinite

Total Amount/City Share: 56%

Fiscal Year 2007 Amount: \$748,346

Audit Responsibility: Sandoval County Regional Emergency Communications Center Board.

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2007
(Cont'd)

Participants: City of Rio Rancho and Town of Bernalillo

Responsible Party: Sandoval County Regional Emergency Communications Center (SCRECC)

Description: Operating, administering, and maintaining a joint enhanced 911 Regional Communications Center to provide emergency telephone access for the citizens of the parties' agreement and to provide for the emergency communications needs of the public safety agencies of the parties' agreement.

Dates of Agreement: 11/10/05-indefinite

Total Amount/City Share: 13%

Fiscal Year 2007 Amount: \$129,994

Audit Responsibility: Sandoval County Regional Emergency Communications Center Board.

Participants: County of Sandoval and Village of Corrales

Responsible Party: Sandoval County Regional Emergency Communications Center (SCRECC)

Description: Operating, administering, and maintaining a joint enhanced 911 Regional Communications Center to provide emergency telephone access for the citizens of the parties' agreement and to provide for the emergency communications needs of the public safety agencies of the parties' agreement.

Dates of Agreement: 5/18/06-indefinite

Total Amount/City Share: \$-0-

Fiscal Year 2007 Amount: \$-0-

Audit Responsibility: Sandoval County Regional Emergency Communications Center Board.

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2007
(Cont'd)

Participants: Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party: SSCAFCA

Description: To solve drainage and flood control problems by designing and constructing the Sportsplex Dam, including the increase of an existing city owned sanitary sewer line from 15" to 30" and the relocation of this sewer line outside of the flood pool.

Dates of Agreement: 2/10/2006 to 2/10/2010 or until project is completed.

Total Amount/City Share: \$400,000

Fiscal Year 2007 Amount: \$46,177

Audit Responsibility: City and SSCAFCA

Participants: New Mexico Self-Insurer's Fund (NMSIF)

Responsible Party: The Board of Trustees

Description: To permit the members joining herein to make a more efficient use of their powers and resources by cooperating on a basis that will be of mutual advantage; and to provide a procedure for securing benefits, services, indemnification or protection for members and their employees relating to insurance or self-insurance.

Dates of Agreement: 7/1/96 – indefinite.

Total Amount/City Share: City share 100%.

Fiscal Year 2007 Amount: \$716,965

Audit Responsibility: NMSIF

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2007
(Cont'd)

Participants: Ciudad Soil and Water Conservation District (Ciudad SWCD)

Responsible Party: Ciudad SWCD

Description: To improve the water resources on land located in Rivers Edge III in Rio Rancho and to restore the Bosque environment by removal of non-native phreatophytes and encourage natural growth of native species of vegetation. Reduce wildfire potential and enter into and administer a contract with a private contractor to achieve such improvements and improve flood release and flood control to the Bosque and the Rio Grande.

Dates of Agreement: December 31, 2007.

Total Amount/City Share: N/A

Fiscal Year 2007 Amount: N/A

Audit Responsibility: Ciudad SWCD

Participants: Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party: SSSCAFCA

Description: Adopt the "Rainbow Watershed, Capacity Constraints and Floodplain Encroachment" as the current conditions. Acquire the necessary properties, design and construct recommended improvements to drainage management plan.

Dates of Agreement: November 1, 2001, until the project is complete or two years from the renewed effective date of 3/4/04, whichever comes first

Total Amount/City Share: \$40,000

Fiscal Year 2007 Amount: \$-0-

Audit Responsibility: City

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2007
(Concl'd)

Participants: New Mexico Taxation & Revenue Department

Responsible Party: N/A

Description: Appointment as agent for issuance of Tax ID

Dates of Agreement: 08/01/1988 - indefinite

Total Amount/City Share: N/A

Fiscal Year 2007 Amount: N/A

Audit Responsibility: N/A

Participants: New Mexico Energy, Minerals, and Natural Resources Department,
State Forestry Division (EMNRD)

Responsible Party: EMNRD

Description: Use of inmate crews to perform natural resource improvements to City
property and provide vocational training for inmates classified by the
Corrections Department as minimum-security inmates.

Dates of Agreement: December 1, 2003, until terminated by either party

Total Amount/City Share: N/A

Fiscal Year 2007 Amount: N/A

Audit Responsibility: N/A

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Rio Rancho's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>CONTENTS</u>	<u>Page</u>
FINANCIAL TRENDS	179
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
REVENUE CAPACITY	186
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
DEBT CAPACITY	191
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	195
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
OPERATING INFORMATION	198
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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City of Rio Rancho, New Mexico

Net Assets By Component

Last Five Years

(accrual basis of accounting)

Schedule 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 20,680,510	\$ 27,306,972	\$ 98,222,797	\$ 159,084,358	\$ 184,408,573
Restricted	4,839,243	5,203,879	30,233,533	36,157,574	19,344,282
Unrestricted	12,483,992	15,762,666	(1,967,967)	653,855	18,443,967
Total governmental activities net assets	\$ 38,003,745	\$ 48,273,517	\$ 126,488,363	\$ 195,895,787	\$ 222,196,822
Business-type activities					
Invested in capital assets, net of related debt	\$ (3,234,236)	\$ 317,688	\$ 18,092,619	\$ 45,520,647	\$ 57,733,951
Restricted	2,675,000	2,985,858	3,615,705	8,378,213	11,581,655
Unrestricted	17,738,726	19,425,371	22,040,446	20,805,858	19,686,293
Total business-type activities net assets	\$ 17,179,490	\$ 22,728,917	\$ 43,748,770	\$ 74,704,718	\$ 89,001,899
Primary government					
Invested in capital assets, net of related debt	\$ 17,446,274	\$ 27,624,660	\$ 116,315,416	\$ 204,605,005	\$ 242,142,524
Restricted	7,514,243	8,189,737	33,849,238	44,535,787	30,925,937
Unrestricted	30,222,718	35,188,037	20,072,479	21,459,713	38,130,260
Total primary government net assets	\$ 55,183,235	\$ 71,002,434	\$ 170,237,133	\$ 270,600,505	\$ 311,198,721

Source: The City's Financial Records, Fiscal Services Department

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

The significant increase in net assets in fiscal year 2005 is due to the addition of infrastructure assets.

City of Rio Rancho, New Mexico
Changes in Net Assets
Last Five Years
 (accrual basis of accounting)

Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
				2007
Expenses				
Governmental activities:				
General government	\$ 6,115,635	\$ 4,195,285	\$ 4,274,259	\$ 4,749,168
Public safety	12,485,446	14,207,384	15,528,740	18,308,571
Public works	8,159,140	4,309,312	9,488,494	12,893,315
Culture and recreation	5,825,730	5,810,516	6,216,143	7,383,200
Economic development	1,227,959	1,440,044	2,029,354	2,626,428
Interest on long-term debt	744,561	660,836	659,268	1,323,496
Total government activities expenses	34,258,471	30,623,377	38,196,258	47,284,178
Business-type activities:				
Water	8,925,793	8,690,738	9,752,369	11,898,363
Wastewater	6,852,884	6,828,437	7,062,060	7,562,599
Event Center	-	-	292	1,663,068
Total business-type activities expenses	15,778,677	15,519,175	16,814,721	21,124,030
Total primary government expenses	\$ 50,037,148	\$ 46,142,552	\$ 55,010,979	\$ 68,408,208
Program revenues				
Governmental activities:				
Charge for services	\$ 553,585	\$ 891,490	\$ 1,127,678	\$ 1,321,470
General government	1,925,482	2,933,717	3,965,278	4,934,508
Public safety	544,453	746,455	1,163,229	1,426,493
Public works	875,709	1,272,197	1,632,863	1,998,717
Culture and recreation	143,258	219,479	436,865	622,809
Economic development	1,205,804	2,369,464	1,620,825	1,424,185
Operating grants and contributions	2,837,716	1,009,062	1,789,291	28,864,918
Capital grants and contributions	8,086,007	9,441,864	11,736,029	40,593,100
Total governmental activities program revenues				
Business-type activities:				
Charge for services:				
Water	9,448,793	10,213,127	12,148,637	15,458,413
Wastewater	7,108,219	7,932,644	8,737,224	9,825,367
Event Center	-	-	14,600	159,074
Operating grants and contributions	146,378	352,127	4,617,957	18,313,509
Capital grants and contributions	16,703,390	18,497,898	25,518,418	43,756,363
Total business-type activities program revenues	\$ 24,789,397	\$ 27,939,762	\$ 37,254,447	\$ 84,349,463
Total primary government program revenues				

Source: The City's Financial Records, Fiscal Services Department

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Rio Rancho, New Mexico

Changes in Net Assets

Last Five Years

(accrual basis of accounting)

Schedule 2
(Concl'd)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental activities	\$ (26,172,464)	\$ (21,181,513)	\$ (26,460,229)	\$ (6,691,078)
Business-type activities	924,713	2,978,723	8,703,697	22,632,333
Total primary government net assets	\$ (25,247,751)	\$ (18,202,790)	\$ (17,756,532)	\$ 15,941,255
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	\$ 6,689,973	\$ 6,804,458	\$ 7,447,467	\$ 8,394,598
Gross receipts taxes	9,786,994	9,920,581	13,120,239	19,526,233
Franchise taxes	2,108,304	2,232,546	2,301,133	2,692,885
Unrestricted grants, aid and state shared revenues	8,876,352	9,848,581	11,218,874	13,034,242
Investment income	261,638	241,122	485,905	2,004,373
Miscellaneous	105,043	73,290	70,498	15,590
Impact fees (A)	1,377,679	2,330,707	3,527,405	-
Total governmental activities	29,205,983	31,451,285	38,171,521	45,667,921
Business-type activities				
Investment income	293,196	301,144	418,277	2,611,880
Impact fees (A)	1,165,174	2,269,560	3,629,855	-
Total business-type activities	1,458,370	2,570,704	4,048,132	2,611,880
Total primary government	\$ 30,664,353	\$ 34,021,989	\$ 42,219,653	\$ 48,279,801
Change in Net Assets				
Governmental activities	\$ 3,033,519	\$ 10,269,772	\$ 11,711,292	\$ 38,976,843
Business-type activities	2,383,083	5,549,427	12,751,829	25,244,213
Total primary government	\$ 5,416,602	\$ 15,819,199	\$ 24,463,121	\$ 64,221,056
Change in Net Assets				
Governmental activities	\$ 3,033,519	\$ 10,269,772	\$ 11,711,292	\$ 38,976,843
Business-type activities	2,383,083	5,549,427	12,751,829	25,244,213
Total primary government	\$ 5,416,602	\$ 15,819,199	\$ 24,463,121	\$ 64,221,056

Source: The City's Financial Records, Fiscal Services Department

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(A) - For fiscal year 2006, impact fees are reclassified as Capital Grants and Contributions.

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City of Rio Rancho, New Mexico
Fund Balances, Governmental Funds,
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Unreserved	\$ 8,127,050	\$ 6,952,750	\$ 6,738,485	\$ 7,947,671	\$ 6,954,382	\$ 9,499,506	\$ 11,670,614	\$ 15,456,118	\$ 20,969,824	\$ 19,180,448
Total general fund	\$ 8,127,050	\$ 6,952,750	\$ 6,738,485	\$ 7,947,671	\$ 6,954,382	\$ 9,499,506	\$ 11,670,614	\$ 15,456,118	\$ 20,969,824	\$ 19,180,448
All other Governmental Funds										
Unreserved, reported in:										
Special revenue funds	\$ 1,856,562	\$ 2,090,839	\$ 2,851,864	\$ 3,087,709	\$ 2,807,871	\$ 2,116,294	\$ 3,705,958	\$ 4,167,797	\$ 5,649,848	\$ 6,602,598
Capital project funds	3,110,844	1,987,337	1,782,081	2,443,365	7,735,923	3,984,257	5,718,637	32,834,006	39,254,295	24,834,816
Debt service funds	2,502,445	2,472,101	2,990,769	6,093,736	2,997,232	2,268,155	1,399,764	1,441,050	1,885,213	1,609,098
Total all other governmental funds	\$ 7,469,851	\$ 6,550,277	\$ 7,624,714	\$ 11,624,810	\$ 13,541,026	\$ 8,368,706	\$ 10,824,359	\$ 38,442,853	\$ 46,789,356	\$ 33,046,512

Source: The City's Financial Records, Fiscal Services Department

City of Rio Rancho, New Mexico
Changes in Fund Balances, Governmental Funds,
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Taxes	\$ 13,916,107	\$ 16,807,771	\$ 20,173,498	\$ 20,027,275	\$ 19,536,360	\$ 24,742,640	\$ 26,582,465	\$ 31,794,472	\$ 40,938,066	\$ 44,497,571
Licenses and permits	313,204	295,309	317,379	285,032	395,916	311,528	365,929	388,605	379,136	375,559
Intergovernmental	9,949,242	4,304,758	2,331,871	1,971,958	2,870,889	4,013,780	3,336,576	3,102,857	6,843,550	14,967,100
Impact fees	-	-	-	-	-	1,377,679	2,330,707	3,527,405	3,656,952	3,346,000
Charges for services	2,724,562	3,278,010	3,672,019	4,284,811	4,101,025	2,552,937	3,855,894	5,902,794	7,650,816	6,266,634
Fines and forfeits	644,596	445,849	573,141	537,532	375,396	767,544	965,513	1,051,048	1,076,497	1,158,149
Franchise fees	-	1,757,092	1,699,143	1,842,634	2,050,932	2,108,304	2,232,546	2,301,133	2,692,885	2,800,615
Contributions and donations	5,334	61,177	66,847	38,682	40,187	192,282	50,559	168,816	2,129,098	1,707,453
Investment income	746,161	609,732	657,857	770,370	490,754	261,638	241,246	485,905	2,004,373	2,881,181
Other revenues	1,066,290	501,363	678,630	376,500	605,424	573,205	1,029,552	1,272,014	2,458,128	1,859,006
Total revenues	\$ 29,365,496	\$ 28,061,061	\$ 30,170,385	\$ 30,134,794	\$ 30,466,883	\$ 36,901,537	\$ 40,990,987	\$ 49,995,049	\$ 69,829,501	\$ 79,859,268
Expenditures:										
Current -										
General government	\$ 3,929,719	\$ 3,665,743	\$ 4,132,723	\$ 3,778,539	\$ 3,489,828	\$ 3,234,328	\$ 4,132,923	\$ 4,118,240	\$ 4,620,073	\$ 9,116,075
Public safety	9,026,571	9,675,482	10,979,531	11,646,244	11,910,044	11,514,788	13,322,440	14,309,389	17,415,423	21,579,173
Public works	3,435,591	2,500,813	2,819,195	3,020,721	4,886,254	3,769,896	3,908,421	4,787,679	5,917,153	8,836,988
Cultural and recreation	3,703,343	3,517,554	3,717,521	3,718,961	4,497,924	4,846,580	5,410,416	5,776,812	7,001,339	8,286,106
Economic development	1,047,242	1,024,163	1,017,689	1,153,218	1,283,781	1,234,514	1,404,916	1,961,868	2,557,163	2,864,539
Capital outlay	8,097,521	7,943,314	4,697,087	2,701,572	3,635,519	11,751,245	5,715,359	9,018,610	21,467,039	42,317,946
Debt service -										
Payment to bond escrow agent	-	-	-	-	-	-	660,060	-	-	-
Principal	930,000	1,066,259	1,117,503	1,195,000	1,515,254	3,338,249	2,270,869	2,452,119	2,827,984	3,128,174
Interest and fiscal charges	828,101	832,603	828,964	740,242	616,721	744,561	648,944	640,372	1,338,273	1,958,773
Bond issuance costs	-	-	-	-	-	-	113,371	386,061	135,027	-
Total expenditures	30,998,088	30,225,931	29,310,213	27,954,497	31,835,325	40,434,161	37,587,719	43,451,150	63,279,474	98,087,774
Excess of revenues over (under) expenditures	\$ (1,632,592)	\$ (2,164,870)	\$ 860,172	\$ 2,180,297	\$ (1,368,442)	\$ (3,532,624)	\$ 3,403,268	\$ 6,543,899	\$ 6,550,027	\$ (18,228,506)

Source: The City's Financial Records, Fiscal Services Department

City of Rio Rancho, New Mexico
Changes in Fund Balances, Governmental Funds,
Last Ten Years

Schedule 4
(Concl'd)

(modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other Financing Sources (Uses):										
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ 5,500,000	\$ 7,000,000	\$ -
Issuance of revenue bonds	-	-	-	-	-	-	4,465,000	18,130,000	-	-
Loan proceeds	-	-	-	-	-	1,371,188	-	215,556	-	2,696,286
Premium on sale of bonds	-	-	-	-	-	-	105,708	1,014,543	310,182	-
Transfer in	1,610,814	750,922	841,510	566,616	476,698	1,468,764	1,500,814	4,151,710	7,058,925	12,410,603
Payment to bond escrow agent	-	-	-	-	-	-	(3,347,215)	-	-	-
Transfer out	(1,611,185)	(750,922)	(841,510)	(566,616)	(476,698)	(1,468,764)	(1,500,814)	(4,151,710)	(7,058,925)	(12,410,603)
Total other financing sources (uses)	(371)	-	-	-	5,000,000	1,371,188	1,223,493	24,860,099	7,310,182	2,696,286
Net Change in fund balances	\$ (1,632,963)	\$ (2,164,870)	\$ 860,172	\$ 2,180,297	\$ 3,631,558	\$ (2,161,436)	\$ 4,626,761	\$ 31,403,998	\$ 13,860,209	\$ (15,532,220)
Debt service as a percentage of noncapital expenditures (*)	7.68%	8.52%	7.91%	7.66%	7.56%	14.23%	11.59%	10.10%	10.29%	9.12%

(*) - As Amended
Source: The City's Financial Records, Fiscal Services Department

City of Rio Rancho, New Mexico
Taxable and Full Value of Property
Last Ten Fiscal Years

Fiscal Year	Sandoval County										Rio Rancho Share in Sandoval County Net Taxable Value
	Residential property					Commercial Property					
	Full Value					Less: Tax- exempt Property					
	Taxable Value	Full Value	Taxable Value	Full Value	Property	Net Taxable Value	Full Value	Tax Rate	Net Value Rio Rancho	Value	
1998	\$ 778,300,535	N/A	\$ 242,717,125	N/A	\$ 72,517,993	\$ 948,499,667	\$ 2,990,534,987	7.53	\$ 225,187,285	24%	
1999	893,675,161	N/A	420,912,466	N/A	116,697,723	1,197,889,904	3,827,065,158	6.83	261,541,633	22%	
2000	955,184,924	N/A	373,274,077	N/A	119,544,280	1,208,914,721	3,865,832,723	6.96	268,907,324	22%	
2001	1,008,808,879	3,026,426,637	364,278,356	1,092,835,068	120,598,543	1,252,488,692	3,998,663,162	7.06	282,185,659	23%	
2002	1,087,166,242	3,261,498,726	468,369,933	1,405,109,799	125,337,156	1,430,199,019	4,541,271,369	7.98	362,529,693	25%	
2003	1,181,396,970	3,544,190,910	386,437,811	1,159,313,433	139,285,763	1,428,549,018	4,564,218,580	8.30	378,875,784	27%	
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.36	N/A	N/A	
2005	1,441,214,926	1,921,619,853	435,359,989	580,479,971	164,240,183	1,712,334,732	2,283,112,919	8.35	190,708,422	11%	
2006	1,702,012,677	2,269,350,179	467,597,877	623,463,820	175,879,345	1,993,731,209	2,658,308,212	7.96	211,601,334	11%	
2007	2,076,419,611	2,768,559,412	972,070,958	1,296,094,578	221,336,819	2,827,153,750	3,769,538,239	7.97	300,582,979	11%	

Source: Sandoval County Assessor's Office Valuation Summary 1997 through 2003, Sandoval County Assessor's Office Abstract 2005 through 2007.

Notes: Full value figures for residential and commercial property are unavailable for 1997 through 2000, only the total full value is available.
No information is available for 2004.

City of Rio Rancho, New Mexico
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Schedule 6

Fiscal Year	City of Rio Rancho			Overlapping Rates				
	General Fund	Debt Service Fund	Total	State	County	School District	Central NM Comm. College	Total
1998	6.215	1.315	7.530	1.438	5.773	11.135	2.862	28.738
1999	5.690	1.144	6.834	1.482	5.126	10.586	2.427	26.455
2000	5.816	1.140	6.956	1.529	5.516	10.735	2.989	27.725
2001	5.917	1.140	7.057	1.765	5.620	10.762	3.008	28.212
2002	5.983	2.000	7.983	1.123	5.713	10.750	3.008	28.577
2003	6.227	2.074	8.301	1.520	5.759	10.758	3.011	29.349
2004	6.300	2.067	8.367	1.028	6.940	10.760	3.019	30.114
2005	6.286	2.067	8.353	1.234	6.384	10.756	3.038	29.765
2006	6.138	1.826	7.964	1.291	6.271	10.704	3.027	29.257
2007	5.914	2.060	7.974	1.221	5.800	10.624	2.992	28.611

Source: State of New Mexico Department of Finance and Administration

City of Rio Rancho, New Mexico
Principal Property Tax Payers
Last Two Fiscal Years

Schedule 7

Tax Payer	2006		2005 (B)	
	Taxable Assessed Value (A)	Percent of Total Taxable Valuation	Taxable Assessed Value (A)	Percent of Total Taxable Valuation
PNM	\$ 49,131,686	2.67%	\$ 19,672,866	1.57%
G & I III Pinnacle High Resort	17,852,690	0.97%	5,950,897	0.48%
Qwest	16,614,744	0.90%	5,040,773	0.40%
Presbyterian Healthcare	9,568,944	0.52%	6,123,432	0.49%
Rio Rancho Community	9,295,059	0.51%	-	0.00%
Presbyterian Healthcare	8,801,353	0.48%	-	0.00%
Tri-State Generation & Transmission	8,600,693	0.47%	-	0.00%
Meadowlark Apartments	7,726,246	0.42%	2,536,400	0.20%
Sprint Calling Center	6,845,904	0.37%	-	0.00%
Fulcrum Building, Inc.	6,778,683	0.37%	2,259,561	0.18%
Leisure Care, Inc.	-	0.00%	3,098,353	0.25%
U.S. Cotton	-	0.00%	2,826,114	0.23%
Target	-	0.00%	2,043,463	0.16%
Total	\$ 141,216,002	7.67%	\$ 49,551,859	3.97%

Source: Sandoval County Assessor's Office

Note: The fiscal year for collection is November through October. This schedule uses the 2007 collection year information.

(A) - The large difference between Taxable Assessed Values from 2005 to 2006 is due to increases in assessed valuations from the County Assessor's Office based on the latest property price information.

Land values had previously been greatly undervalued due to lack of accurate information on sale prices of land.

(B) - Information is not available for nine (9) years prior.

City of Rio Rancho, New Mexico
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (A)	Collected within the Fiscal Year of the Levy		Delinquent Tax Collection (A)	Total Tax Collection	Ratio of Total Tax Collections to Total Tax		Ratio of Outstanding Taxes Delinquent Taxes	
		Amount (A)	Percentage			Tax Collections to Total Tax	Outstanding Taxes Delinquent Taxes	Outstanding Taxes Delinquent Taxes	Ratio of Outstanding Taxes Delinquent Taxes
1997	3,687,457	3,685,507	100%	3	3,685,510	100%	1,947	0%	0%
1998	4,300,923	4,298,296	100%	116	4,298,412	100%	2,511	0%	0%
1999	4,427,924	4,423,642	100%	813	4,424,455	100%	3,469	0%	0%
2000	4,765,427	4,758,187	100%	2,337	4,760,524	100%	4,903	0%	0%
2001	5,162,406	5,152,438	100%	4,742	5,157,180	100%	5,226	0%	0%
2002	6,274,889	6,253,030	100%	12,696	6,265,726	100%	9,163	0%	0%
2003	6,935,320	6,868,363	99%	46,857	6,915,220	100%	20,101	0%	0%
2004	7,558,650	7,299,238	97%	191,081	7,490,320	99%	68,330	1%	1%
2005	8,454,578	8,135,231	96%	231,028	8,366,259	99%	319,348	4%	4%
2006	9,679,603	9,297,367	96%	-	9,297,367	96%	382,236	4%	4%

Source: Sandoval County Treasurer's Office

(A) - Subject to change each day due to additions and deletions of levied and collected amounts.

City of Rio Rancho, New Mexico
Taxable Gross Receipts by Type of Trade
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Construction	\$ 77,034,155	\$ 90,940,884	\$ 82,942,594	\$ 92,796,637	\$ 119,905,115	\$ 132,253,800	\$ 165,091,463	\$ 256,139,117	\$ 393,313,384	\$ 490,940,456
Manufacturing	15,106,142	15,446,920	11,355,050	10,130,287	10,354,938	11,248,498	9,832,558	8,021,933	8,226,714	14,124,152
Transportation, Communication and Utility	68,806,723	70,355,616	75,436,983	84,499,054	80,760,303	75,561,870	85,778,516	97,765,401	109,619,203	110,037,820
Wholesale	4,029,464	8,091,784	7,226,060	7,675,161	7,118,861	9,861,828	12,215,397	11,836,622	13,745,588	11,293,040
Retail	166,046,190	176,964,350	183,917,424	205,587,902	195,299,852	196,833,445	216,675,986	226,347,806	280,255,799	402,411,448
Finance, Insurance and Real Estate	37,024,348	41,162,475	19,510,348	9,993,040	7,629,312	10,546,012	10,239,936	14,928,802	32,469,846	32,486,743
Services	99,674,450	101,929,869	91,636,902	108,574,536	120,057,168	121,770,994	158,635,704	174,467,008	161,736,299	172,096,364
Other (A)	7,888,594	18,938,331	-	-	43,004	32,594,983	25,648,098	21,834,798	(9,632,397)	(22,743,369)
Total Taxable Gross Receipts	\$475,610,066	\$523,830,229	\$472,025,361	\$519,256,617	\$541,168,553	\$590,671,430	\$684,117,658	\$811,341,487	\$989,734,436	\$ 1,210,646,654

City direct sales tax rate (B)
Sandoval County direct sales tax rate (A)

N/A
N/A

6.1875%
5.6250%

6.1875%
5.7500%

6.1875%
5.7500%

6.1875%
5.7500%

6.1875%
5.7500%

6.1875%
5.7500%

6.1875%
5.7500%

6.6875%
6.0000%

Source: State of New Mexico, Department of Taxation and Revenue

Notes: Sales tax rates not available prior to fiscal year 1999.

Unable to provide schedule of Principal Sales Tax Remitters, per New Mexico Taxation and Revenue Laws and Regulations 2004 Edition, section 7-1-8, Confidentiality of returns and other information.

(A) - This category is made up of "undetermined establishments" due to adjustments of monthly reportings by the state, therefore, negative amounts may be reported.

(B) - No overlapping rates

City of Rio Rancho, New Mexico

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (A)	Per Capita
	General Obligation Bonds	GRT		Notes Payable	Revenue Bonds	Loan Payable					
1998	6,525,000	9,260,000	504,000	90,518,925	-	106,807,925	1.77%	2,132			
1999	6,105,000	8,675,000	482,503	83,990,000	1,286,595	100,539,098	1.99%	1,933			
2000	5,620,000	8,060,000	424,000	83,090,000	5,274,811	102,468,811	2.12%	1,979			
2001	5,070,000	7,415,000	381,000	81,830,000	8,123,695	102,819,695	2.32%	1,967			
2002	9,445,000	6,735,000	362,690	80,160,000	9,785,900	106,488,590	2.25%	1,975			
2003	8,740,000	4,285,000	1,645,773	78,110,000	10,486,627	103,267,400	2.38%	1,842			
2004	7,350,000	4,225,000	1,447,904	80,095,000	10,096,360	103,214,264	2.62%	1,754			
2005	11,270,000	21,840,000	1,306,341	134,340,000	9,694,384	178,450,725	1.63%	2,858			
2006	16,765,000	20,980,000	843,357	130,555,000	9,280,350	178,423,707	N/A	2,687			
2007	15,075,000	20,225,000	2,856,469	159,655,000	8,853,895	206,665,364	N/A	2,886			

Source: The City's Financial Records, Fiscal Services Department

(A) - This information uses Sandoval County Personal Income through 2005, this information is not available for 2006 and 2007.

City of Rio Rancho, New Mexico
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Schedule 11

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita (A)
1998	6,525,000	709,729	5,815,271	1.02%	116.08
1999	6,105,000	717,877	5,387,123	0.78%	103.57
2000	5,620,000	738,162	4,881,838	0.67%	94.31
2001	5,070,000	754,918	4,315,082	0.56%	82.54
2002	9,445,000	744,387	8,700,613	1.07%	161.38
2003	8,740,000	1,406,030	7,333,970	0.85%	130.79
2004	7,350,000	1,383,965	5,966,035	0.64%	101.39
2005	11,270,000	1,296,944	9,973,056	0.95%	159.72
2006	16,765,000	1,469,470	15,295,530	1.22%	230.33
2007	15,075,000	1,506,930	13,568,070	0.74%	189.48

Source: The City's Financial Records, Fiscal Services Department

(A) - This information uses the Bureau of Business and Economic Research (BBER) City of Rio Rancho population estimation.

City of Rio Rancho, New Mexico
Computation of Direct and Overlapping Debt
As of June 30, 2007

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share Applicable to City</u>
Debt repaid with property taxes			
State of New Mexico	\$ 353,220,000	3.92%	\$ 13,845,775
Sandoval County	22,460,000	64.28	14,437,772
Central NM Community College	39,700,000	11.09	4,402,234
SCAFCA	19,640,000	84.56	16,607,584
Rio Rancho School District	57,035,000	95.25	54,325,523
Cabazon Public Improvement District	11,050,000	100.00	11,050,000
Mariposa East Public Improvement District	16,000,000	100.00	16,000,000
Subtotal, overlapping debt			130,668,888
City direct debt			38,156,469
Total direct & overlapping debt			\$ 168,825,357

Source: Sandoval County Assessor's Office

City of Rio Rancho, New Mexico
Computation of Legal Debt Margin
Last Ten Fiscal Years

Schedule 13

Legal Debt Margin Calculation for Fiscal Year 2007	
Assessed value	\$1,840,280,318
Debt limit (4% of assessed value)	73,611,213
Debt applicable to limit:	
General obligation bonds	15,075,000
Less: Amount set aside for	
repayment of general obligation debt	1,506,930
Total net debt applicable to limit	13,568,070
Legal debt margin	\$60,043,143

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 22,798,661	\$ 27,674,157	\$ 29,231,463	\$ 30,772,240	\$ 32,608,188	\$ 34,478,085	\$ 37,001,873	\$ 41,810,547	\$ 49,987,941	\$ 73,611,213
Total net debt applicable to limit	5,815,271	5,387,123	4,881,838	4,315,082	8,700,613	7,333,970	5,966,035	9,973,056	15,295,530	13,568,070
Total net debt applicable to the limit as a percentage of debt limit	25.51%	19.47%	16.70%	14.02%	26.68%	21.27%	16.12%	23.85%	30.60%	18.43%

Sources: The City's Financial Records, Fiscal Services Department and the Sandoval County Assessor's Office

City of Rio Rancho, New Mexico
Pledged Revenue Bond Coverage
Last Ten Fiscal Years

Gross Receipts Tax Bonds					Business-Type Bonds							
Fiscal Year	Gross Receipts		Debt Service Requirements			Gross Revenues	Expenditures	Net Revenue Available for		Debt Service Requirements		
	Tax Increment		Principal	Interest	Total			Coverage	Debt Service	Principal	Interest	Total
1998	\$1,104,965		\$555,000	\$446,371	\$1,001,371	\$14,104,316	\$5,713,746	\$8,390,570	\$225,000	\$4,878,313	5,103,313	1.64
1999	1,007,366		585,000	462,247	1,047,247	14,405,928	6,630,734	7,775,194	390,000	4,867,963	5,257,963	1.48
2000	1,169,075		615,000	433,515	1,048,515	14,671,167	5,736,411	8,934,756	900,000	4,417,043	5,317,043	1.68
2001	1,120,117		645,000	435,668	1,080,668	14,194,116	5,116,088	9,078,028	1,260,000	4,377,330	5,637,330	1.61
2002	872,032		680,000	368,836	1,048,836	16,460,803	8,966,365	7,494,438	1,670,000	4,318,880	5,988,880	1.25
2003	3,664,165		*2,450,000	264,056	264,056	16,557,012	21,758,570	(5,201,558)	2,050,000	4,195,938	6,245,938	-0.83
2004	1,608,954		683,000	179,113	862,113	18,145,771	11,286,038	6,859,733	2,410,000	4,042,563	6,452,563	1.06
2005	762,300		515,000	137,581	652,581	20,900,461	19,513,838	1,386,623	2,730,000	4,047,077	6,777,077	0.20
2006	1,892,470		860,000	837,724	1,697,724	32,117,610	21,875,800	10,241,810	3,785,000	6,550,574	10,335,574	0.99
2007	1,704,815		755,000	938,480	1,693,480	31,911,403	24,744,962	7,166,441	3,830,000	6,342,361	10,172,361	0.70

Source: The City's Financial Records, Fiscal Services Department

(*) - The 2003 refunding bonds did not require a reserve, therefore, the City used the 1995 reserve requirement to make additional payments on the 1995 bonds.

City of Rio Rancho, New Mexico
Demographics and Economic Statistics
Last Ten Fiscal Years

Year	City		County Population	Personal Income	Per Capita Personal Income			Unemployment Rate		
	Population				U.S.	New Mexico	Sandoval County	U.S.	New Mexico	Sandoval County
1998	50,098	86,278		1,887,575	26,883	20,656	21,878	4.50%	6.20%	5.10%
1999	52,012	88,116		1,995,912	27,939	21,042	22,651	4.20%	5.60%	4.00%
2000	51,765	89,908		2,168,705	29,845	22,134	23,754	4.00%	5.00%	4.30%
2001	52,278	91,299		2,381,792	30,574	24,085	25,496	4.70%	4.90%	4.60%
2002	53,915	93,420		2,398,481	30,810	24,246	24,887	5.80%	5.50%	5.80%
2003	56,074	96,356		2,454,258	31,466	24,846	24,708	6.00%	5.90%	5.90%
2004	58,845	99,330		2,708,794	33,072	26,201	26,418	5.50%	5.80%	5.50%
2005	62,440	102,535		2,908,597	34,685	28,042	27,146	5.10%	5.30%	5.10%
2006	66,407	107,146		N/A	36,629	29,725	N/A	4.60%	4.20%	4.40%
2007	71,607	113,772		N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: New Mexico Department of Labor for 1998 through 2002

Bureau of Business and Economic Research (BBER) for 2003 through 2007

Notes: Personal income, per capita income and unemployment rates are only available for the county, not for the city.

Personal income and per capita personal income for Sandoval county is not available for 2006.

No information except city and county population is available for 2007.

Population, personal income and per capita personal income rates have been amended for 2003 through 2006.

City of Rio Rancho, New Mexico
Principal Employers
Current Year and Six Years Ago

Schedule 16

<u>Employer</u>	<u>2007</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Intel Corporation	5,000	1	10%	5,800	1	21%
Rio Rancho Public Schools	1,838	2	4%	1,042	4	4%
Intel Subcontractors	1,300	3	3%	2,000	2	7%
Sprint PCS	800	4	2%	1,200	3	4%
Bank of America Banking Services	700	5	1%	400	8	1%
City of Rio Rancho	651	6	1%	470	6	2%
e Telecare Global Solution	600	7	1%	-		0%
Brycon Construction	422	8	1%	-		0%
Sandoval County	406	9	1%	-		0%
Victoria's Secret Catalogue	400	10	1%	681	5	3%
JC Penney Company	-			-		0%
Don Chalmers Ford	-			170	10	1%
Spartan Technology	-			-		0%
Gateway Computers	-			455	7	2%
U.S. National Guard Hawk Facility	-			300	9	1%
Total Major Employers-Sandoval County *	<u>12,117</u>			<u>12,518</u>		
Total Sandoval County Employment **	<u>51,402</u>			<u>27,116</u>		

Sources: (*) Rio Rancho Economic Development Corporation

(**) New Mexico Department of Labor, Economic Research and Analysis, 2006

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City of Rio Rancho, New Mexico

Schedule 17

Full-time-Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Full-Time-Equivalent Employees as of June 30									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government										
City Administration	12	13	13	11	10	11	11	12	3	4
Human Resources	11	11	11	11	11	11	13	13	11	10
City Clerk	4	4	4	4	4	4	4	4	4	4
City Attorney	6	6	6	6	5	5	5	5	5	6
Municipal Court	11	11	11	11	12	12	12	12	12	13
Finance	18	19	19	19	17	18	18	19	30	30
Public Safety										
Police	94	101	101	104	103	101	101	106	118	123
Firefighters	34	34	37	37	43	49	46	50	56	99
Civilians	63	49	52	50	52	58	70	66	72	90
Public Works										
Engineering	7	7	7	7	7	8	8	9	13	21
Others	47	50	50	50	50	50	50	53	65	77
Parks and Recreation	68	74	73	73	73	69	75	75	78	110
Senior Services	12	12	14	14	15	15	15	15	18	17
Library and Information Services	16	20	20	20	19	19	22	25	30	36
City Development	19	19	20	20	21	22	20	20	32	40
Special Funds	2	4	7	8	12	10	8	8	11	14
Water and Wastewater	0	9	10	10	25	25	29	32	36	41
Total	424	443	455	455	479	487	507	524	593	735

Source: City of Rio Rancho Annual Budget

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

City of Rio Rancho, New Mexico
Operating Indicators by Function/Program
Last Two Fiscal Years

	Fiscal Year	
	2006	2007
Function/Program		
Police		
Total Violent Crimes	776	927
Total Property Crimes	1399	1775
Total Warnings & Citations	24305	23840
Total Arrests	3008	3337
Total Traffic Crashes	1791	2008
Total Incident Reports (A)	3586	8881
Total Calls for Service	39165	36271
Fire		
Total Structural Fires	25	29
Total Fire Inspections	999	901
Total Calls for Service	1582	1372
EMS		
Total EMS Patients	4345	5141
Total Patient Transports	3056	3407
Total Calls for Service	4764	5243
Animal Control		
Total Impounds	2330	2417
Total Claims	617	754
Total Adoptions	851	724
Total Euthanasia	674	732
Total Complaints	4755	4740
Code Enforcement		
Total Inspections	8043	10010
Total Citations	280	260
Public Works		
Total Utility Cuts (B)	390	0
Total Potholes Repaired	971	423
Parks & Recreation		
Total Program Participation-Youth	20961	19632
Total Program Participation-Adult	18638	6556
Total Program Participation-Aquatics	7050	2897

City of Rio Rancho, New Mexico
Operating Indicators by Function/Program
Last Two Fiscal Years

Function/Program	Fiscal Year	
	2006	2007
Library		
Total Collection	146,626	154,258
New Items Added	23,233	17,288
Items Withdrawn	7,252	9,656
Collection Growth	15,981	7,632
Circulation Stats: (D)		
Adult Materials	164,723	347,258
Paperbacks	55,833	0
Teen Materials	13,374	0
Juvenile Materials	144,264	277,061
Audio-Visual Materials	35,533	0
Holds	14,877	16,095
Transit		
Total Clients Registered	28,498	31,009
New Clients Registered	184	309
Total Fare Cards Sold	1,905	1,809
Total Trips in Rio Rancho	26,804	25,262
Total Trips to Albuquerque	6,212	6,115
Purpose of Trips:		
Medical	9,906	7,220
Personal Errands	3,307	5,645
Work	13,153	9,624
City Facilities	2,846	4,252
Education	4,004	4,636
Total Miles Traveled	133,672	142,273

Sources: Various City Departments

Note: The City chose to use the prospective method of reporting for this schedule as the data was not tracked prior to GASB 44 implementation.

(A) - The City did not start tracking incident reports for DPS until February 2006.

(B)- The City chose to contract out the utility cuts.

(C)- The Parks & Recreation Department chose a different method of calculating their program participation in 2007.

(D) - The library chose to report all media type circulations in either their Adult Materials or Juvenile Materials beginning in 2007.

City of Rio Rancho, New Mexico
Capital Asset Statistics by Function/Program
Last Two Fiscal Years

Schedule 19

Function/Program	Fiscal Year	
	2006	2007
<u>Police</u>		
Main Stations	1	1
Substations	4	4
Patrol Units	152	178
<u>Fire</u>		
Main Stations	2	5
Substations	4	1
Firetrucks	11	15
<u>EMS</u>		
Ambulances	7	8
<u>Animal Control</u>		
Patrol Units	7	7
<u>Other Public Works</u>		
Streets (miles)	831	831
Streetlights	1,156	2,544
Traffic signals	35	42
Sidewalks & Paths	121	121
<u>Parks & Recreation</u>		
New/Renovated Park Facilities	2	3
Developed Parkland (acres)	242	285
Constructed Trailways (linear feet) (A)	53,873	57,516
<u>Transit</u>		
Mini buses	7	7
<u>Water</u>		
Water mains (miles)	385	388
Fire hydrants	24,950	25,822
Storage capacity (thousands of gallons)	31	31
<u>Wastewater</u>		
Sanitary sewers (miles)	335	337
Treatment capacity (millions of gallons per day)	8	8

Sources: Various City Departments

Note: The City chose to use the prospective method of reporting for this schedule as the data was not tracked prior to GASB 44 implementation.
 (A) Amended the linear feet of constructed trailways for fiscal year 2006 to correctly state the starting point.

SINGLE AUDIT SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of Rio Rancho, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund (General, Bond Construction 2005, Utilities and Multi-Purpose Event Center Funds), and the aggregate remaining fund information of the City of Rio Rancho, New Mexico (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying Combining and Individual Fund Financial Statements and Schedules as of and for the year ended June 30, 2007, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Rio Rancho, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rio Rancho, New Mexico's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rio Rancho, New Mexico's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Rio Rancho, New Mexico's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 07-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Rio Rancho, New Mexico's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Rio Rancho, New Mexico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Governmental Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 07-2, 07-3 and 07-4.

City of Rio Rancho, New Mexico's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Rio Rancho, New Mexico's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, others within the City, the City Council, the State Auditor, the New Mexico Legislature, and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 26, 2007



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members of the City Council
City of Rio Rancho, New Mexico

Compliance

We have audited the compliance of City of Rio Rancho, New Mexico with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. City of Rio Rancho, New Mexico's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Rio Rancho, New Mexico's management. Our responsibility is to express an opinion on City of Rio Rancho, New Mexico's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Rio Rancho, New Mexico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Rio Rancho, New Mexico's compliance with those requirements.

In our opinion, City of Rio Rancho, New Mexico complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 07-5.

Internal Control Over Compliance

The management of City of Rio Rancho, New Mexico is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Rio Rancho, New Mexico's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rio Rancho, New Mexico's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-5.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

City of Rio Rancho, New Mexico's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Rio Rancho, New Mexico's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, others within the City, the City Council, the State Auditor, the New Mexico Legislature, and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 26, 2007

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CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grantor or Pass-Through Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Urban Areas Security Initiative	97.008	2006-DJ-BX-0197	13,726
Assistance to Firefighters Grant	97.044	EMW-2006-FF-04638	292,320
Passed through New Mexico Department of Public Safety:			
F.E.M.A. Disaster Grants - Public Assistance	97.036	FEMA-1659-DR-NM	1,664,589
Emergency Management Performance Grants	97.042	2006-EM-E6-0015-RIOR	35,082
Emergency Management Performance Grants	97.042	2007-EM-E7-0035	31,514
F.E.M.A. Community Emergency Response Team	97.053	2005-GE-T5-0012-RRCC	10,479
F.E.M.A. Community Emergency Response Team	97.053	2006-GE-T6-0064-CCP	5
Total U.S. Department of Homeland Security			2,047,715
<u>U.S. Department of Justice</u>			
Direct Program:			
Federal Surplus Property Transfer Program	16.578	N/A	41,666
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	2006-WE-AX-0065	38,608
Bulletproof Vest Partnership Program	16.607	BVP V322023601	6,545
Gang Resistance Education and Training	16.737	2006-JV-FX-0136	36,776
Passed through New Mexico Department of Public Safety:			
Crime Victims Assistance	16.575	2006-VA-GX-0042	31,043
Edward Byrne Memorial Justice Assistance Grant	16.579	03-DCSI-NMGTTT	4,181
Edward Byrne Memorial Justice Assistance Grant	16.738	05-JAG-PPA-24-NMGTTT	1,145
Total U.S. Department of Justice			159,964
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grant/Entitlement Grants	14.218	B-05-MC-35-004	144,067
Community Development Block Grant/Entitlement Grants	14.218	B-06-MC-35-004	211,500
Total U.S. Department of Housing and Urban Development			355,567
<u>U.S. Department of Transportation</u>			
Direct Program:			
Federal Transit Capital Investment Grants	20.500	NM-03-0050-01	240,223
Passed through New Mexico Department of Transportation:			
Highway Planning and Construction	20.205	TPU-4081(4)04	4,683,382
Highway Planning and Construction	20.205	TPZ-6154 (1)	2,040
Highway Planning and Construction	20.205	TPZ-7543 (3)	235
State and Community Highway Safety	20.600	06-PT-63-081	5,641
State and Community Highway Safety	20.600	06-RF-01-081	11,879
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	07-AL-K8-081	35,022
Occupant Protection	20.602	07-RF-01-081	30,765
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	06-AL-64-081	18,489
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	06-AL-64-P23	133,656
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	07-AL-64-P23	250,227
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	07-PT-406-P03	86,959
Safety Belt Performance Grants	20.609	07-PT-DS-081	1,322
Total U.S. Department of Transportation			5,259,617
<u>U.S. Department of Defense</u>			
Passed through U.S. Army Engineer, Albuquerque District:			
Arsenic Treatment	12.Unknown	SPA06-004	411,590
Total U.S. Department of Defense			411,590
Total expenditures for federal awards			\$ 8,234,453

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Rio Rancho, New Mexico and is presented on the modified accrual basis of accounting for governmental funds and on the accrual basis of accounting for proprietary funds. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2007 *Catalog of Federal Domestic Assistance*.

NOTE 3 – NON-CASH ASSISTANCE, LOANS, AND LOAN GUARANTEES

In accordance with OMB Circular A-133, the City had no non-cash assistance, loans, and loan agreements outstanding at year-end.

**CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be a material weakness(es)? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency identified that are not considered to be a material weakness(es)? X yes none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

 X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS

2007-01 P-card purchases

Condition: During fiscal year 2006-07 Management determined that the City Mayor had used his p-card for inappropriate purchases such as, travel for family members, unsubstantiated food purchases and tickets for events at the event center. The type of purchases and estimated amounts of the purchases as identified by management are as follows.

<u>Type</u>	<u>Amount</u>
Travel	\$ 2,501.02
Food	2,622.10
Entertainment	5,840.50
Miscellaneous	161.16
Total	<u>\$11,124.78</u>

Criteria: During our review of p-card purchases we noted that for four of five disbursements reviewed the purchase was over \$999.99 and the purchases were not for travel purposes. In addition the p-card policies have not been updated for limits actually used and for updated employee roles in the purchasing process.

Effect: Monitoring of p-card purchases is a key internal control activity which helps ensure the accuracy of the transactions recorded in the City's accounting records and provides assurances with respect to the use of public funds.

Cause: Purchases are being approved that do not follow the City's policies and limits in the policy are exceeded. In addition, due to a key individual within the framework of the governance of the City circumventing controls, there is a risk that the oversight element of the control environment of the City has been compromised to some degree.

The City's p-card policies appear to be outdated and do not clearly define responsibilities of the p-card holder or those responsible for monitoring. . Employees responsible for authorization of p-card purchases do not always review the statements prior to approval. In some instances, liasons are responsible for monitoring purchases of his/her supervisor.

Recommendation: The City should update its policies including but not limited to: allowable purchases, purchasing limits, and responsibilities of the p-card liason and other employees with p-card duties. In addition, responsibility for authorization of p-card purchases should fall under the finance department.

Management's response: To ensure no reoccurrences of this finding, the p-card policies will be updated and trainings provided on employee responsibilities.

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS (Cont'd)

2007-02 Bank Accounts and Outstanding Items

Condition: Several checks in the utility checking account were outstanding for more than 12 months at June 30, 2007.

Criteria: According to the Public Monies Act (6-10-1 to 6-10-63 NMSA 1978), checks outstanding for 12 months or more must be cancelled.

Effect: The City is not in compliance with New Mexico statutes.

Cause: The employee responsible for bank reconciliations did not perform the check cancellation procedure every six to 12 months.

Recommendation: The check cancellation procedure should be done every 12 months.

Management's response: The City will ensure that the outstanding items are reviewed every six to 12 months and checks are properly cancelled.

2007-03 Capital Asset Valuation

Condition: The acquisition cost for three capital asset additions reviewed were input into the system incorrectly.

Criteria: Internal controls for capital assets require assets to be input into the system at the actual acquisition cost.

Effect: The City is at risk of misstating the capital assets account balance. For the errors noted, the City's capital assets were overstated by \$3,322.

Cause: Clerical errors during capital asset input into the system. Adequate monitoring and review procedures were not in place.

Recommendation: The City should verify capital asset information is entered into the system correctly.

Management's response: The City will double check capital asset input to ensure what is recorded is correct.

CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS (Concl'd)

2007-04 Excess Expenditures Over Budget

Condition:	The City's Multi-Purpose Event Center, General Obligation Bond, Gross Receipts Revenue Bond Series 2003 and Gross Receipts Revenue Bond Series 2005 Funds exceeded the approved expenditure budgets by \$120,842, \$251,536, \$4,849, and \$64,023, respectively.
Criteria:	Section 6-6-6, NMSA 1978 states that legally approved budgets are binding and are not to be exceeded.
Effect:	The City exceeded several funds' approved expenditure budget and is not in compliance with New Mexico statutes.
Cause:	The City did not amend the budgets to reflect the accrued interest payable in each fund.
Recommendation:	The City should ensure budget capacity exists prior to purchases and approve budget adjustments when necessary.
Management's response:	In the future, the City will monitor accrued interest payable and adjust accordingly.

**CITY OF RIO RANCHO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Minimum Penalties for Repeat Offenders for Driving While Intoxicated

CFDA No. 20.608

Grant No. 06-AL-64-081, 06-AL-64-P23, 07-AL-64-P23, 07-PT-406-P03

Questioned Costs: None identified

2007-05 Financial Reporting of Federal Grants

Condition:	<p>During our review of the Minimum Penalties for Repeat Offenders for Driving While Intoxicated Grant we noted the following.</p> <ol style="list-style-type: none">1. The City recorded grant reimbursements of \$77,480 in fiscal year 2006-07 that were related to fiscal year 2005-06 expenditures.2. The City did not submit grant reimbursements totaling \$234,212 to the New Mexico Department of Transportation on a quarterly basis.
Criteria:	<p>The City is not in compliance with the matching principal required by generally accepted accounting principles. In addition, Section 12 of the grant agreements between the State of New Mexico and the City of Rio Rancho state that "claims for reimbursement must be fully completed and submitted at least quarterly."</p>
Effect:	<p>The City's accounts receivable and ending fund balance were misstated for fiscal year 2005-06. The City is not in compliance with Section 12 of the grant agreements.</p>
Cause:	<p>Untimely filing of reimbursement claims.</p>
Recommendation:	<p>The City should ensure that reimbursement claims are completed and submitted in accordance with the terms specified in the grant agreements. In addition, the City should ensure that all reimbursement claims outstanding and yet to be completed at year end have been accounted for when determining the receivable at year-end.</p>
Management's response:	<p>The City will review reimbursement claim processes and ensure that they are filed quarterly and that grant reimbursements are recorded in the proper year.</p>

**CITY OF RIO RANCHO, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007**

Status of Federal Award Findings and Questioned Costs

The City had no findings or questioned costs related to federal awards noted in prior audits that require a status.

**CITY OF RIO RANCHO, NEW MEXICO
EXIT CONFERENCE
JUNE 30, 2007**

An exit conference was held at a closed meeting on November 14, 2007, to discuss the preceding findings. Attending were the following persons.

For the City of Rio Rancho:

Michael J. Williams, Mayor
Fay F. Davis, Councilor, District 1
Patricia A. Thomas, Councilor, District 2
Delma Petrullo, Councilor, District 3
Howard W. Balmer, Councilor, District 4
Larry Naranjo, Councilor, District 5
Marilyn Salzman, Councilor, District 6
James C. Payne, City Manager
James C. Babin, City Attorney
Richard Kristof, CPA, Director of Fiscal Services
Marta J. Ortiz, Accounting Division Manager

For the Independent Auditor:

Corey Arvizu, Partner